



# Harvest Tesla Enhanced High Income Shares ETF

Annual Financial Statements

**December 31, 2025**



# Harvest Tesla Enhanced High Income Shares ETF

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund’s Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

*Signed "Michael Kovacs"*  
Michael Kovacs  
Chief Executive Officer

*Signed "Daniel Lazzer"*  
Daniel Lazzer  
Chief Financial Officer

Oakville, Canada  
March 19, 2026





# Independent auditor's report

To the Unitholders and Trustee of Harvest Tesla Enhanced High Income Shares ETF (the Fund)

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## Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and its financial performance and its cash flows for the period from January 14, 2025 (commencement of operations) to December 31, 2025 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at December 31, 2025;
- the statement of comprehensive income (loss) for the period from January 14, 2025 (commencement of operations) to December 31, 2025;
- the statement of changes in net assets attributable to holders of redeemable units for the period from January 14, 2025 (commencement of operations) to December 31, 2025;
- the statement of cash flows for the period from January 14, 2025 (commencement of operations) to December 31, 2025; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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ca\_toronto\_18\_york\_fax@pwc.com

\*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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## **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## **Other information**

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrizia Ferrari.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 19, 2026

# Harvest Tesla Enhanced High Income Shares ETF

STATEMENT OF FINANCIAL POSITION	
As at December 31,	2025
<b>Assets</b>	
<b>Current assets</b>	
Investments	\$ 319,224,446
Cash	105,609
Subscriptions receivable	3,979,575
Receivable for investments sold	10,793,200
	<b>334,102,830</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Loan payable (Note 12)	69,367,471
Payable for investments purchased	4,977,610
Distributions payable (Note 4)	7,000,000
Payable for options contracts written	873,614
Interest payable (Note 12)	232,283
	<b>82,450,978</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 251,651,852</b>
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 8.85</b>

The accompanying notes are an integral part of these financial statements.



# Harvest Tesla Enhanced High Income Shares ETF

<b>STATEMENT OF COMPREHENSIVE INCOME (LOSS)</b>	
<b>For the period (Note 2) ended December 31,</b>	<b>2025</b>
<b>Income</b>	
Net gain (loss) on investments	
Net realized gain (loss) on sale of investments	\$ 17,791,770
Net change in unrealized appreciation (depreciation) of investments	67,671,281
Net gain (loss) on investments	85,463,051
Net gain (loss) on derivatives	
Net realized gain (loss) on options written	(9,779,868)
Net realized gain (loss) on foreign exchange	31,992
Net change in unrealized appreciation (depreciation) of options written	3,556,963
Net change in unrealized appreciation (depreciation) of foreign exchange	851,259
Net gain (loss) on derivatives	(5,339,654)
<b>Total income (net)</b>	<b>\$ 80,123,397</b>
<b>Expenses (Note 5)</b>	
Management fees	\$ 562,770
Unitholder reporting costs	63,756
Audit fees	23,127
Transfer agency fees	10,885
Custodian fees and bank charges	62,923
Independent Review Committee fees	1,017
Filing fees	11,615
Legal fees	152
Interest expense (Note 12)	1,526,353
Transaction costs (Note 11)	79,702
<b>Total expenses</b>	<b>\$ 2,342,300</b>
Expenses absorbed by Manager (Note 5)	(3,325)
<b>Total expenses (net)</b>	<b>\$ 2,338,975</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$ 77,784,422</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 4)</b>	<b>\$ 4.95</b>

The accompanying notes are an integral part of these financial statements.



# Harvest Tesla Enhanced High Income Shares ETF

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
For the period (Note 2) ended December 31,	2025
Net assets attributable to holders of redeemable units beginning of the period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 77,784,422
<b>Redeemable unit transactions</b>	
Proceeds from issue of redeemable units	295,578,203
Redemption of redeemable units	(71,886,523)
<b>Net redeemable unit transactions</b>	<b>\$ 223,691,680</b>
<b>Distributions to holders of redeemable units</b>	
Return of capital	(49,824,250)
<b>Total distributions to holders of redeemable units</b>	<b>\$ (49,824,250)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$ 251,651,852</b>

The accompanying notes are an integral part of these financial statements.



# Harvest Tesla Enhanced High Income Shares ETF

<b>STATEMENT OF CASH FLOWS</b>	
<b>For the period (Note 2) ended December 31,</b>	<b>2025</b>
<b>Operating activities</b>	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 77,784,422
<b>Add (deduct) items not affecting cash:</b>	
Foreign exchange (gain) loss on cash	153
Realized (gain) loss on sale of investments	(17,791,770)
Realized (gain) loss on options written	9,779,868
Net change in unrealized (appreciation) depreciation of investments	(67,671,281)
Net change in unrealized (appreciation) depreciation of options written	(3,556,963)
Net change in unrealized (appreciation) depreciation of foreign exchange	(851,259)
Proceeds from sale of investments (Note 4)	124,716,395
Purchases of investments (Note 4)	(147,572,299)
Net change in non-cash assets and liabilities	1,083,542
<b>Net cash flow provided by (used in) operating activities</b>	<b>\$ (24,079,192)</b>
<b>Financing activities</b>	
Proceeds from redeemable units issued (Note 4)	(5,079,581)
Redemption of redeemable units (Note 4)	2,721,314
Net borrowing (repayment) of loan payable (Note 12)	69,367,471
Distributions paid to holders of redeemable units	(42,824,250)
<b>Net cash flow provided by (used in) financing activities</b>	<b>\$ 24,184,954</b>
Net increase (decrease) in cash during the period	105,762
Foreign exchange gain (loss) on cash	(153)
Cash, beginning of the period	-
<b>Cash, end of the period</b>	<b>\$ 105,609</b>
<b>Supplemental disclosure of cash flow information</b>	
Interest paid during the period *	\$ 1,294,070

\* included in operating activities

The accompanying notes are an integral part of these financial statements.



# Harvest Tesla Enhanced High Income Shares ETF

SCHEDULE OF INVESTMENTS		As at December 31, 2025	
Number of Shares*	Security	Average Cost (\$)	Fair Value (\$)
<b>EQUITIES</b>			
<b>Consumer Discretionary – 126.8%</b>			
517,161	Tesla, Inc.	251,553,165	319,224,446
<b>Total equities – 126.8%</b>		<b>251,553,165</b>	<b>319,224,446</b>
<b>OPTIONS</b>			
<b>Consumer Discretionary – (0.3%)</b>			
(45,000)	Tesla, Inc. – Jan 2026 @ USD \$460	(1,283,788)	(111,794)
(53,600)	Tesla, Inc. – Jan 2026 @ USD \$490	(1,491,385)	(275,882)
(66,800)	Tesla, Inc. – Jan 2026 @ USD \$465	(1,655,404)	(485,938)
<b>Total options – (0.3%)</b>		<b>(4,430,577)</b>	<b>(873,614)</b>
<b>Total investments – 126.5%</b>		<b>247,122,588</b>	<b>318,350,832</b>
<b>Loan payable (Note 12) – (27.6%)</b>			<b>(69,367,471)</b>
<b>Other assets less liabilities – 1.1%</b>			<b>2,668,491</b>
<b>Net assets attributable to holders of redeemable units – 100.0%</b>			<b>251,651,852</b>

\* For options, this represents the total number of shares of the equity position available for assignment under the terms of the option contracts.



# Harvest Tesla Enhanced High Income Shares ETF

## FUND SPECIFIC NOTES TO THE FINANCIAL STATEMENTS

For an explanation of the following disclosures please refer to the accompanying notes to these financial statements.

### FUND DETAILS

The Harvest Tesla Enhanced High Income Shares ETF (the "Fund") is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated January 8, 2025, and as amended and restated, being the inception date. There was no significant activity in the Fund from the date of inception to commencement of operations on January 14, 2025. Harvest Portfolios Group Inc. is the Manager, Portfolio Manager and Trustee of the Fund and its head office is located at 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5.

As an alternative mutual fund, the Fund may use leverage. In accordance with applicable securities regulations, leverage may be created by an alternative mutual fund through the use of cash borrowings, short sales and/or derivatives. Such securities regulations provide that an alternative mutual fund, such as the Fund, may borrow cash up to 50% of its net asset value ("NAV") and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 50% of its NAV. In addition, securities regulations provides that an alternative mutual fund's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of its NAV: (i) the aggregate market value of cash borrowing; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions there from.

As an alternative mutual fund, under NI 81-102, the Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, more than 10% of its NAV in securities of a single issuer, the ability to borrow cash to use for investment purposes and short selling beyond the limits prescribed for conventional mutual funds, as well as increased ability to invest in commodities.

The Fund currently anticipates achieving its investment objective and creating leverage through the use of cash borrowing of, at least initially, approximately 25% of NAV and it is anticipated that the Fund will maintain a leverage ratio within this range and not exceeding 33% of NAV. Portfolio assets of the Fund may be pledged and/or delivered to the prime broker or prime brokers that lend cash to the Fund for this purpose under agreements which permit the prime brokers to rehypothecate or use such portfolio assets as part of their securities business. As a result, at any given time, it is generally expected that a substantial portion of the portfolio of the Fund may be held by one or more prime brokers.

The Fund's investment objective is to provide unitholders with high monthly cash flows and an opportunity for long-term capital appreciation on a levered basis by investing in the common stock of Tesla, Inc. ("Tesla").

### REDEEMABLE UNITS (Note 4)

The Fund offers Class A units that are offered in Canadian dollars and the Fund will not be hedged.

The Class A units trade on the TSX under the symbol TSLY. The closing price per Class A unit was as follows:

	December 31, 2025
Class A	\$8.86

### Subscriptions and Redemptions

The following units were issued and/or redeemed during the period:

	Class A
<b>Initial issuance, January 14, 2025</b>	<b>100,000</b>
Redeemable units issued	36,975,000
Redeemable units redeemed	(8,625,000)
<b>Total outstanding as at December 31, 2025</b>	<b>28,450,000</b>
<b>Weighted average number of units outstanding as at December 31, 2025</b>	<b>15,699,858</b>

The following table presents the amount of in-kind subscriptions and redemptions transactions that occurred during the period.

	December 31, 2025
Value of securities received (\$)	296,678,209
Value of securities paid (\$)	(74,607,837)

Other funds that are also managed by the Manager owned the following percentage of the NAV of the Fund:

	% net assets
December 31, 2025	35.5

### RELATED PARTY TRANSACTIONS AND OTHER EXPENSES (Note 5)

#### Management fees

The Manager is entitled to a fee of 0.40% of the average daily NAV, plus applicable taxes, per annum of the Fund.



# Harvest Tesla Enhanced High Income Shares ETF

## Other expenses

The following expenses are included in the unitholder reporting costs on the Statement of Comprehensive Income (Loss):

For the period ended	Amount (\$)
December 31, 2025	17,339

## Waivers and absorptions

There were no management fee waivers for the period ended December 31, 2025. The Manager absorbed the following expenses:

For the period ended	Amount (\$)
December 31, 2025	3,325

## Other transactions

Officers, directors and related entities of the Manager invest in units of the Fund from time to time in the normal course of business and on the same basis as arm's length investors. As at December 31, 2025 officers and directors owned 1,600 units of the Fund.

## FOREIGN CURRENCY FORWARD CONTRACTS (Note 6)

The Fund does not hedge its exposure, if any, to foreign currency fluctuations and therefore did not invest in foreign currency forward contracts during the period ended December 31, 2025.

## FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Note 7)

### Other price risk

Investments traded on public stock exchanges represented the following percentages of the Fund's net assets attributable to redeemable units:

	% net assets
December 31, 2025	126.5

If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately the following amounts:

	Amount (\$)
December 31, 2025	15,917,542

### Interest rate risk

As at December 31, 2025, the Fund did not hold any bonds or material money market instruments; therefore, the Fund had no significant exposure to interest rate risk.

A fund that has an interest-bearing liability is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows.

The amount of interest-bearing liabilities in the form of a margin loan with prime brokers is as follows:

	Amount (\$)
December 31, 2025	69,367,471

If interest rates were to increase or decrease by 1 percentage point, the total amount of interest expense on an annualized basis and related cash flows would be higher or lower by the following:

For the period ended	Amount (\$)
December 31, 2025	693,675

### Liquidity risk

As at December 31, 2025, all the Fund's financial liabilities had maturities of less than three months or were payable on demand.

In addition, the Fund had a margin loan that is repayable on demand. The margin loan is secured with collateral in accordance with the Canadian Investment Regulatory Organization rules, such as collateral consisting of the underlying portfolio of securities held by the Fund in accordance with its investment strategies.

To maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity and therefore, the Fund is not exposed to any significant liquidity risk.

### Credit risk

As at December 31, 2025, the Fund did not have significant credit risk exposure.



# Harvest Tesla Enhanced High Income Shares ETF

## Currency risk

The Fund's net exposure to currency risk is presented below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at December 31, 2025				
Currency	Currency exposure (CAD\$)	Forward contracts (CAD\$)	Net currency exposure (CAD\$)	As a % of net assets
U.S. Dollar	259,618,826	-	259,618,826	103.2

The Fund's currency exposure is broken down between monetary and non-monetary as follows:

	December 31, 2025
Monetary (\$)	(58,732,006)
Non-Monetary (\$)	318,350,832

If the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have decreased or increased, respectively, approximately as follows:

	December 31, 2025
Amount of increase (decrease) (\$)	12,980,941
Amount of increase (decrease) (%)	5.2

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

## Fair value of financial instruments

The tables below summarize the fair value of the Fund's financial instruments using the following fair value hierarchy:

Investments at fair value as at December 31, 2025				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial Assets</b>				
<b>Equities</b>				
Common Stock	319,224,446	-	-	319,224,446
<b>Total Financial Assets</b>	<b>319,224,446</b>	-	-	<b>319,224,446</b>
<b>Financial Liabilities</b>				
<b>Derivatives</b>				
Options	(873,614)	-	-	(873,614)
<b>Total Financial Liabilities</b>	<b>(873,614)</b>	-	-	<b>(873,614)</b>

There were no Level 3 securities held by the Fund as at December 31, 2025, and there were no transfers between Level 1 and Level 2 for the period ended December 31, 2025.

## Concentration risk

The Fund's investment objective is to invest up to 100% of total assets in Tesla and participate in an active covered call strategy of Tesla. The Fund is not expected to have exposure to any other investments or assets, other than cash. The Fund is subject to concentration risk as the Fund will invest substantially all of its total assets in Tesla.

## INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Note 8)

The Fund does not hold any investments that are considered structured entities.

## SECURITIES LENDING TRANSACTIONS (Note 9)

The Fund did not engage in any securities lending transactions during the period ended December 31, 2025.

## TAXATION (Note 10)

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 15 year end.

As at the last taxation year end, the Fund had the following capital losses which can be carried forward indefinitely and applied against future capital gains.

	Amount (\$)
Capital Losses	-



# Harvest Tesla Enhanced High Income Shares ETF

As at the last taxation year, the Fund had the following non-capital losses available to offset against income in future years.

	Amount (\$)	Year of expiry
Non-Capital Losses	-	-

## SOFT DOLLAR COMMISSIONS (Note 11)

The value of such research services included in commissions paid to brokers for the period ended December 31, 2025 amounted to \$nil.

## LOAN PAYABLE (Note 12)

The Fund has entered into prime broker agreements with wholly owned subsidiaries of Canadian chartered banks (the "Prime Brokers") in order to facilitate borrowing for the purpose of investing in accordance with its investment strategy. The Fund may borrow against collateral on deposit with the Prime Brokers with such borrowing being repayable on demand. Interest is payable on any borrowings at a variable rate of interest that is calculated daily and payable monthly. The interest incurred during the period is presented as interest expense on the Statement of Comprehensive Income (Loss) in the financial statements.

The table below summarizes the minimum and maximum amount borrowed under the agreement, the interest incurred, and the range of variable rate of interest during the period:

For the period ended	December 31, 2025
Minimum amount borrowed	-
Maximum amount borrowed	\$69,368,028
Interest expense	\$1,526,353
Range of variable rate of interest	4.18% - 5.05%

The Fund may borrow up to 33% but intends to borrow approximately 25% of its net asset value at any given time. The amount of borrowing and the percentage of the net asset value of the Fund is as follows:

As at	December 31, 2025
Amount of borrowing	\$69,367,471
Amount borrowed as % of net assets	27.6%
Market value of investments held as collateral at Prime Broker	\$185,796,219

## SUBSEQUENT EVENTS

On January 8, 2026, the Fund created Class U units that are offered in U.S. dollars. The Series U units are expected to launch and begin trading on the TSX in March 2026 under the symbol TSLY.U.



# Notes to Financial Statements

December 31, 2025

## 1. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These financial statements were authorized for issue by Harvest Portfolios Group Inc. (the “Manager”) on March 19, 2026.

## 2. REPORTING PERIOD

The Statement of Financial Position is as of December 31, 2025 with comparative information as of December 31, 2024 if the Fund was in existence at that time. The Statement of Comprehensive Income (Loss), Statement of Changes in Net assets Attributable to Holders of Redeemable Units and Statement of Cash Flows are for the period from January 1, 2025 or commencement of operations, whichever is later, to December 31, 2025 with comparative information for the period from January 1, 2024 or commencement of operations, whichever is later, to December 31, 2024 if the Fund existed at that time. Except for Funds established during 2024 or 2025, the term period represents a full year. Date of formation and commencement of operations are found in the Fund Specific Notes “Fund Details”.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (“FVTPL”). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s investments and derivative assets and liabilities, as applicable, are measured at FVTPL based on its business model. The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders. As at December 31, 2025 and 2024 (as applicable), there were no differences between the Fund’s NAV per unit and its net assets per unit calculated in accordance with IFRS Accounting Standards 9.

### Fair value of investments and derivatives

Investments and derivatives that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held are represented by equities or exchange traded funds. Derivatives held include options and foreign currency forward contracts.

Investments and derivatives held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indicators of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for that security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

### Classification of redeemable units

Under IFRS Accounting Standards, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. The Fund’s units include different redemption rights and in some instances are redeemable at 95% of market value of the units on the exchange. As a result, the Fund’s units contain multiple contractual obligations and are presented as financial liabilities as they do not meet the criteria for classification as equity.

### Cash

Cash is comprised of cash on deposit.

### Investment transactions and income recognition

Net realized gain (loss) on sale of investments and net change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. Interest for distribution purposes includes interest on cash balances and any coupon interest received by a Fund is accounted for on an accrual basis. Securities lending income is recognized when earned. The cost of investments is determined using the average cost method.

Distributions received from income trusts or Underlying ETFs that are managed by the Manager are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts or Underlying ETFs that are return of capital reduce the average cost of the investment trust and are presented as “Other adjustments to cost of investments” on the Statement of Cash Flows. Distributions from investment trusts or Underlying ETFs that are capital gains are included in “Net realized gain (loss) on sale of investments” on the Statement of Comprehensive Income (Loss).

### Allocation of income and expense, and realized and unrealized capital gains and losses

When a Fund has multiple classes of units, management fees directly attributable to a class are charged to that class, as applicable. The Fund’s shared operating expenses, income, and realized and unrealized capital gains and losses are generally allocated proportionately to each class, as applicable based upon the relative net assets attributable to holders of redeemable units of each class. Realized and unrealized gains and losses from foreign currency forward contracts are allocated to Class A only, where Class A is hedged to a foreign currency.



# Notes to Financial Statements

December 31, 2025

## Foreign currency translation

The Fund's subscriptions and redemptions are predominately denominated in Canadian dollars which is also the Fund's functional and presentation currency. Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments", respectively. Realized and unrealized foreign currency gains or losses on options are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on options written" and "Net change in unrealized appreciation (depreciation) of options written", respectively. Realized and unrealized foreign currency gains or losses on assets and liabilities, other than investments and options, denominated in foreign currencies are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange" and "Net change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

## Foreign currency forward contracts

When a Fund enters into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations, the fair value of these contracts is based on the difference between the contract rate and current forward market rate for the underlying currency at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. Upon closing of a contract, the gain or loss is included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange". The unrealized gains or losses on forward contracts are included in the Statement of Comprehensive Income (Loss) in "Net change in unrealized appreciation (depreciation) of foreign exchange" and are allocated to Class A only until closed out or partially settled.

## Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## Redeemable units valuation

The NAV of each class on a particular date will be equal to each class's proportionate share of the assets of the Fund less each class's proportionate share of the liabilities of the Fund except for foreign currency forward contracts which are only attributed to Class A, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit will be calculated on any day on which the Toronto Stock Exchange or CBOE Canada (collectively the "Designated Stock Exchange"), as applicable, are open for trading ("Business Day").

## Options

The Fund may engage in option contract transactions if applicable to its investment strategies. An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific number of securities or a financial instrument at a pre-determined price. The seller receives a premium from the purchaser in consideration for the assumption of a future securities price.

The premium received upon writing an option is recorded at cost as "Payable for option contracts written" in the Statement of Financial Position. As long as the position of the written option is maintained, the liability for written options is revalued at an amount equal to the current market value of the option. Any gain or loss resulting from revaluation is reflected in the Statement of Comprehensive Income (Loss) in "Net changes in unrealized appreciation (depreciation) of options written".

The gain or loss on sale or expiry of options is reflected in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on options written".

## Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statement of Comprehensive Income (Loss) represents the increase (decrease) in net assets attributable to holders of redeemable units per class, divided by the weighted average units outstanding for the financial period for the respective class.

## Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

- a) Fair value measurement of derivatives and securities not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes obtained from the pricing sources may be indicative and not executable or binding.

- b) Classification and measurement of investments and derivatives under IFRS Accounting Standards 9

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Fund's business model is one in which its portfolio is managed, and performance evaluated on a fair value basis under IFRS Accounting Standards 9.

## Accounting standards issued not yet effective

The International Accounting Standards Board ("IASB") issued IFRS 18, Presentation and Disclosure in Financial Statements on April 9, 2024, which will replace IAS 1, Presentation of Financial Statements. This new standard, effective for annual periods beginning on or after January 1, 2027, aims to improve financial statement comparability and transparency by introducing a more structured statement of comprehensive income. Key changes include new categories for income and expenses (operating, investing, and financing), defined subtotals like operating profit, and requirements for management-defined performance measures. It is anticipated the Fund's classification of income and expenses, particularly within the operating category, will be impacted. The Manager is actively assessing the implications of IFRS 18 and its impact on the Fund's financial statements and disclosures.

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 related to classification and measurement of financial instruments. The amendments include clarifying the date of recognition and derecognition of some financial assets and liabilities, further guidance on assessing the solely payments of principal and interest condition criterion, and new disclosures for certain instruments. The effective date for these amendments is for annual periods beginning on or after January 1, 2026. At this time, the Manager is evaluating the implications of these changes on the Fund's financial statements and disclosures.



# Notes to Financial Statements

December 31, 2025

## 4. REDEEMABLE UNITS

The authorized capital of the Fund consists of an unlimited number of transferable units of each class, each of which represents an equal, undivided interest in their respective class's net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund.

### Subscriptions and Redemptions

On any Business Day, a designated broker or underwriter may place a subscription or redemption order for an integral multiple of the prescribed number of units of the Fund.

If the subscription or redemption order is accepted, the Fund will issue or redeem units to/from the designated broker or underwriter generally by the next trading day after the date on which the subscription or redemption order is accepted. For each prescribed number of units issued or redeemed, a designated broker or underwriter must deliver or receive payment consisting of:

- a) A basket of applicable securities and/or cash in an amount sufficient so that the value of the securities, and the cash received is equal to the NAV of the units issued or redeemed; or
- b) Cash in the amount equal to the NAV of the units issued or redeemed.

On any Business Day, unitholders may redeem units for cash or exchange units for baskets of securities and cash. Units redeemed for cash may be redeemed at a redemption price per unit equal to 95% of the closing price for the units on the applicable Designated Stock Exchange on the effective day of the redemption, subject to a maximum redemption price per unit equal to NAV. Units exchanged for baskets of securities will be exchanged at a price equal to the NAV of the units on the effective date of the exchange request, payable by delivery of baskets of securities and cash. The units will be redeemed in the exchange.

The portion of subscriptions and redemptions that are settled with baskets of securities are referred to as in-kind transactions. In accordance with IAS 7, the Funds exclude non-cash transactions from operating and financing activities within the Statement of Cash Flows. The primary difference between amounts issued and redeemed within the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and the Statement of Cash Flows relate to in-kind transactions. Similarly, "Purchases of investments" and "Proceeds from sale of investments" within the Statement of Cash Flows appropriately exclude in-kind transactions.

### Distributions

The Fund is required to pay distributions in an amount not less than the amount necessary to ensure it will not be liable for income taxes on realized capital gains, dividends and interest.

The Fund may pay periodic distributions or additional year-end distributions which can be in the form of reinvested units that are subsequently consolidated. In the latter case, there is no impact to NAV per unit, however such reinvested distributions increase the cost base of units held outside of registered plans.

If applicable, the Fund made available to unitholders the opportunity to reinvest monthly distributions from the Fund in additional Class A, Class B and/or Class U units, as applicable, by participating in a distribution reinvestment plan which would provide that cash distributions made by the Fund, at the election of a unitholder, be automatically reinvested in additional Class A, Class B or Class U units, as applicable, on such unitholder's behalf in accordance with the terms of the plan. Reinvestment of monthly distributions occurs through market purchases only.

## 5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

### Management fees

The Manager is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Manager is entitled to a fee charged daily and paid monthly at an annualized percentage of the NAV of the Fund, plus applicable taxes.

Funds invested in Underlying ETFs that are managed by the Manager pay no management fees directly to the Manager. However, the Underlying ETFs held by such Funds will pay management fees and incur operating and trading expenses. With respect to such investments, no management fees or incentive fees are payable by the Funds that, to a reasonable person, would duplicate a fee payable by such Underlying ETF for the same service. As a result, the actual aggregate management fees indirectly payable to the Manager by the Fund will be greater than nil.

The Manager, in its discretion, may agree to charge a Fund and/or certain unitholders a reduced management fee as compared with the management fee that it otherwise would be entitled to receive, provided that the amount of the reduced management fee is distributed periodically by the Fund to the unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount of account activity. Any tax consequences of a management fee distribution will generally be borne by the unitholder who receives the distribution.

### Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by each Fund.

### Other expenses

The Manager may be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to unitholders and other unitholder communications; a reasonable allocation of salaries and benefits; and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses are allocated by the Manager on a reasonable basis, across all funds managed by Harvest and/or class/series of each applicable fund. These expenses are included in the unitholder reporting costs on the Statement of Comprehensive Income (Loss).

For the year ended December 31, 2025, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity funds managed by Harvest were \$1.0 million (2024 - \$0.6 million). Fees for other services were \$0.7 million (2024 - \$0.5 million).



# Notes to Financial Statements

December 31, 2025

## Waivers and absorptions

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund and may cease doing so at any time without notice to unitholders.

## 6. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund may enter into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies. Foreign currency forward contracts entered into by the Fund represent a firm commitment to buy or sell a currency at a specified value and point in time based upon an agreed or contracted quantity. The value of each foreign currency forward contract is the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk.

### Offsetting of foreign currency forward contracts

When the Fund's foreign currency forward contracts meet the criteria, the amount of assets and liabilities associated with the contracts must be offset and presented at the net amount in the Statement of Financial Position.

## 7. FINANCIAL RISK MANAGEMENT

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. If the Fund is invested in Underlying ETFs that are managed by the Manager, in addition to the risks described below, the Fund could be exposed to indirect risk to the extent that the Underlying ETFs held financial instruments that were subject to the below risks. The Fund Specific Notes to these financial statements present information about direct risks and pro rata exposure to risks of Underlying ETFs managed by Harvest, as applicable.

Funds that utilized leverage are considered alternative mutual funds within the meaning of NI 81-102 and are permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, such Funds are permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes and increased ability to invest in commodities. While these specific strategies will be used in accordance with the Fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which an investment decreases in value.

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment. The Fund's future investment results may be materially adversely affected as a result.

### Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

Funds may enter into a foreign currency forward contract on some or substantially all of the value of their portfolio investments in order to mitigate the risk to changes in foreign exchange rates against the Canadian dollar.

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments.

### Liquidity risk

Liquidity risk is defined as the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to redemption of units as described in Note 4, which are settled by the delivery of securities or cash. The Fund is not exposed to significant liquidity risk when settlement is with the delivery of securities. In order to settle redemptions by delivery of cash it may be necessary for the Fund to dispose of securities to meet its obligations. The Fund maintains sufficient liquidity by primarily investing in securities that are actively traded in public markets and can be readily disposed of. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with a Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Funds may enter into foreign currency forward contracts which are exposed to credit risk. The maximum credit risk exposure is the unrealized gain on the forward contracts.

All cash held by the Fund is held with a reputable and regulated financial institution.



# Notes to Financial Statements

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## Fair value of financial instruments

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

## Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry, sector or counterparty type.

## 8. INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

If the Fund is invested in Underlying ETFs that are managed by the Manager, the investment in the Underlying ETFs is an unconsolidated structured entity since decision making about the Underlying ETFs' activities is generally not governed by voting or similar rights held by the Fund and other investors in the Underlying ETFs. Therefore, the fair value of investments in the Underlying ETFs is included in the Schedule of Investments and included in "Investments" in the Fund's Statement of Financial Position. The change in fair value of the investment held in the Underlying ETFs is included in "Net change in unrealized appreciation (depreciation) of investments" in the Statement of Comprehensive Income (Loss). The Fund does not provide, nor has it committed to provide any additional significant financial or other support to the Underlying ETFs.

## 9. SECURITIES LENDING

The Fund may enter into securities lending arrangements. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities on demand. Income is earned from these transactions in the form of fees paid by the counterparty. Income earned from these transactions is included in "Securities lending income" in the Statement of Comprehensive Income (Loss). A reconciliation of the gross amount generated from securities lending transactions to the amount of lending fees earned is disclosed in the Fund Specific Notes of the Fund. The aggregate market value of all securities loaned by a fund is not permitted to exceed 50% of the NAV of that fund.

The minimum allowable collateral is 102% of the current value of the loaned securities as per the requirements of National Instrument 81-102 (NI 81-102). Collateral received are qualified securities and have designated ratings (where applicable) within the meaning of NI 81-102 and may be comprised of (A) evidence of indebtedness that is issued, or fully and unconditionally guaranteed as to principal and interest by (i) the government of Canada or any province or territory of Canada, (ii) the government of the United States of America or any state thereof, (iii) the government of another sovereign state or a permitted supranational agency within the meaning of National Instrument 81-102, (iv) a bank, loan corporation, trust company, insurance company, treasury branch, credit union or caisse populaire that is authorized to carry on business in Canada or in a province or territory of Canada or the Confederation des caisses populaires et d'économie Desjardins du Québec, (v) a financial institution that is not incorporated or organized under the laws of Canada or a province or territory of Canada, provided the evidences of indebtedness of that issuer or guarantor that are rated as short term debt by a designated rating organization have a designated rating each within the meaning of NI 81-102; (B) commercial paper that has a term to maturity of 365 days or less that was issued by a person or company other than a government or permitted supranational agency within the meaning of NI 81-102; or (C) securities that are immediately convertible into or exchangeable for the same or a greater number of securities of the same issuer, class or type, and the same term if applicable as the loaned securities.

The fair value of securities on loan and collateral received are presented in the Fund Specific Notes of the Fund.

## 10. TAXATION

The Fund is required to distribute to unitholders all of its net income for tax purposes and sufficient net capital gains realized in any period such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be carried forward for 20 years and applied against future taxable income.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income (Loss).

As the Manager is a resident of Ontario, the expenses paid by the Fund excluding interest on a loan facility, generally include HST of 13%. HST is calculated using the residency of unitholders in the Fund at specific times, rather than the physical location of the Manager. A blended rate refund is filed with the Canada Revenue Agency on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces.

## 11. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager.



# Notes to Financial Statements

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## 12. LOAN PAYABLE

Funds structured as alternative mutual funds may utilize borrowing for investment purposes. Loan payable amounts accrue interest at negotiated rates with such interest being expensed as incurred. The principal Loan payable balance owing at the end of the period is presented on the Statement of Financial Position as "Loan payable". Interest owing but not yet paid at the end of the period is presented as "Interest payable" on the Statement of Financial Position. Interest incurred during the period is presented as "Interest expense" on the Statement of Comprehensive Income (Loss). At initial recognition, a loan payable is measured at fair value which equates to the cash received, adjusted for any transaction costs directly attributable to the issuance of the loan. Thereafter, the loan payable is measured at amortized cost, recognizing interest expense over the period of the loan, calculated using the effective interest rate. Adjusting the carrying amount of the loan for interest payments made and any amortization of transaction costs.





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