2028 Investment Grade Bond Trust

Annual Financial Statements – 2024
As at and for the period ended December 31, 2024

2028 Investment Grade Bond Trust

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2028 Investment Grade Bond Trust

Management's responsibility for financial reporting

Next Edge Capital Corp. (the "Manager") is responsible for the accompanying financial statements of 2028 Investment Grade Bond Trust (the "Fund") and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management's responsibilities for the integrity of the financial statements.

The Manager recognizes its responsibility to conduct the Fund's affairs in the best interest of its unitholders.

Respectfully,

Robert Anton
President

David Scobie
Chief Operating Officer

Next Edge Capital Corp.
March 31, 2025

Deloitte.

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Independent Auditor's Report

To the Unitholders of
2028 Investment Grade Bond Trust (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2024 and the period December 4, 2023 (commencement of operations) to December 31, 2023, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024 and 2023, and its financial performance and its cash flows for the year ended December 31, 2024 and the period December 4, 2023 (commencement of operations) to December 31, 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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.

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 GAAS 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 GAAS, 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 Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 31, 2025

2028 Investment Grade Bond Trust

Statements of financial position

As at December 31,	Notes	2024	2023
ASSETS			
Current assets			
Investments at fair value through profit or loss	5,6	55,478,371	36,636,231
Cash		-	524,393
Interest and other receivables		359,320	279,849
Total assets		**55,837,691**	**37,440,473**
LIABILITIES			
Current liabilities			
Margin		16,822,530	-
Financial liabilities at fair value through profit or loss	5,6	308,825	113,060
Payable for investments purchased		-	5,481,946
Expenses of the offering payable	12	-	325,000
Audit fees payable		78,862	58,000
Administration fee payable		1,630	3,501
Management fees payable	9,10	45,390	4,826
Harmonized sales tax (HST) payable		14,522	43,333
Accrued liabilities		10	-
Total liabilities		**17,271,769**	**6,029,666**
Net assets attributable to holders of redeemable units		**38,565,922**	**31,410,807**
Net assets attributable to holders of redeemable Units per class			
Class A[1]		-	10
Class F[1]		38,565,922	31,410,797
		38,565,922	**31,410,807**
Number of redeemable units outstanding per class			
Class A[1]	7	-	1
Class F[1]	7	3,671,744	3,225,545
Net assets attributable to holders of redeemable units per Unit			
Class A[1]		-	9.57
Class F[1]		10.50	9.74

1. One Class A opening unit was issued December 4, 2023 to the Manager. The first issuance of Class F units was on December 21, 2023. See note 11 Conversion of Units.

Approved by Next Edge Capital Corp.

Robert Anton
President

David Scobie
Chief Operating Officer

The accompanying notes are an integral part of these financial statements

2028 Investment Grade Bond Trust

Statements of comprehensive income (loss)

For the periods[1]	Notes	2024	2023
Income			
Interest income for distribution purposes		2,362,675	21,903
Net realized gain (loss) on sale of investments		169,278	(15,010)
Net change in unrealized appreciation (depreciation) on investments	6	3,020,137	-
Net gain (loss) on investments		3,189,415	(15,010)
Total income (loss)		**5,552,090**	**6,893**
Expenses			
Interest expense		752,699	-
Unitholder reporting costs		12,654	-
Custody fees		4,981	-
Legal fees		16,435	-
Independent Review Committee fees		14,163	-
Transaction costs		609	-
Agent fees	12	-	661,427
Expenses of the offering		-	325,000
Audit fees		78,862	58,000
Harmonized sales tax		61,627	43,333
Administrative fees		97,809	3,501
Management fees	9,10	253,248	4,826
Total expenses		**1,293,087**	**1,096,087**
Increase (Decrease) in net assets attributable to holders of redeemable units		**4,259,003**	**(1,089,194)**
Increase (Decrease) in net assets attributable to holders of redeemable units per class			
Class A[2]		-	(580,451)
Class F[2]		4,259,003	(508,743)
		4,259,003	**(1,089,194)**
Average number of Units outstanding			
Class A[2]		1	1,405,450
Class F[2]		3,380,524	1,844,550
Increase (Decrease) in net assets attributable to holders of redeemable units per Unit			
Class A[2]		-	(0.41)
Class F[2]		1.26	(0.28)

1. For the year ended December 31, 2024 and the period December 4 to December 31, 2023.
2. One Class A opening unit was issued December 4, 2023 to the Manager. The first issuance of Class F units was on December 21, 2023. See note 11 Conversion of Units.

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Statements of changes in net assets attributable to holders of redeemable units

For the periods[1]	2024	2023
Class A[2]		
Beginning of period	10	-
Increase (decrease) in net assets attributable to holders of redeemable units from operations	-	(580,451)
Proceeds and considerations received from issuance of units	-	14,054,510
Increase (decrease) in net assets attributable to holders of redeemable units from conversion of units	-	(13,474,049)
Consideration paid for redemption of units	(10)	-
End of period	-	10
Class F[2]		
Beginning of period	31,410,797	-
Increase (decrease) in net assets attributable to holders of redeemable units from operations	4,259,003	(508,743)
Proceeds and considerations received from issuance of units	4,770,824	18,445,491
Increase (decrease) in net assets attributable to holders of redeemable units from conversion of units	-	13,474,049
Consideration paid for redemption of units	(157,130)	-
Distributions to holders of redeemable units	(1,717,572)	-
End of period	38,565,922	31,410,797

1. For the year ended December 31, 2024 and the period December 4 to December 31, 2023.
2. One Class A opening unit was issued December 4, 2023 to the Manager. The first issuance of Class F units was on December 21, 2023. See note 11 Conversion of Units.

2028 Investment Grade Bond Trust

Statements of cash flows

For the periods[1]	2024	2023
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	4,259,003	(1,089,194)
Adjustments in net assets attributable to holders of net cash from operating activities		
Proceeds from sale of investments	5,129,008	-
Purchase of investments	(26,067,914)	(31,056,235)
Change in unrealized (appreciation) depreciation of investments and derivatives	(3,020,137)	15,010
Net realized (gain) loss on sale of investments	(169,278)	-
(Increase) decrease in interest and other receivables	(79,471)	(279,849)
Increase (decrease) in other payables and accrued liabilities	(294,246)	434,661
Net cash used in operating activities	**(20,243,035)**	**(31,975,607)**
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(1,717,572)	-
Proceeds from redeemable units issued	4,770,824	32,500,000
Amount paid on redemption of redeemable units	(157,140)	-
Increase (decrease) in margin	16,822,530	-
Net cash provided by financing activities	**19,718,642**	**32,500,000**
Net increase (decrease) in cash	(524,393)	524,393
Cash, beginning of period	524,393	-
Cash, end of period	**-**	**524,393**
Supplemental disclosure of cash flow information:		
Interest received (paid)	(1,530,505)	(257,946)

1. For the year ended December 31, 2024 and the period December 4 to 31, 2023.

2028 Investment Grade Bond Trust

Schedule of investments

	Coupon rate	Maturity date	Par value ($)	Average Cost ($)	Fair Value ($)
Canadian Bonds (105.3%)					
Allied Properties Real Estate Investment Trust	3.131%	15-May-2028	2,500,000	2,243,375	2,360,384
Bank of Montreal	5.625%	26-May-2082	1,000,000	952,500	1,009,935
Bank of Montreal	7.325%	26-Nov-2082	1,500,000	1,500,000	1,586,020
Bank of Nova Scotia	3.700%	27-Jul-2081	1,250,000	950,500	1,122,512
Canadian Imperial Bank of Commerce	4.375%	28-Oct-2080	675,000	636,525	674,324
Canadian Imperial Bank of Commerce	4.000%	28-Jan-2082	2,000,000	1,784,225	1,930,894
Canadian Imperial Bank of Commerce	7.150%	28-Jul-2082	1,470,000	1,455,046	1,532,978
Canadian Western Bank	5.937%	22-Dec-2032	1,000,000	996,450	1,055,389
Canadian Western Bank	6.000%	30-Apr-2081	1,000,000	906,500	1,008,240
Central 1 Credit Union	4.648%	7-Feb-2028	1,000,000	976,500	1,020,264
Corus Entertainment Inc.	5.000%	11-May-2028	325,000	215,922	156,000
Enbridge Inc.	6.625%	12-Apr-2078	1,000,000	985,480	1,051,432
Ford Credit Canada Co.	5.441%	9-Feb-2029	1,000,000	999,930	1,037,108
Great-West Lifeco Inc.	3.600%	31-Dec-2081	1,250,000	971,000	1,121,662
Honda Canada Finance Inc.	1.646%	25-Feb-2028	1,500,000	1,364,560	1,416,995
Inter Pipeline Ltd.	6.625%	19-Nov-2079	1,500,000	1,416,825	1,527,368
Keyera Corp.	6.875%	13-Jun-2079	1,500,000	1,445,475	1,577,634
Laurentian Bank of Canada	5.095%	15-Jun-2032	2,000,000	1,909,110	1,967,047
Laurentian Bank of Canada	5.300%	15-Jun-2081	1,400,000	1,057,100	1,243,647
Manulife Financial Corp.	3.375%	19-Jun-2081	1,250,000	980,750	1,141,990
Manulife Financial Corp.	7.117%	19-Jun-2082	1,000,000	1,000,000	1,042,602
Mattamy Group Corp.	4.625%	1-Mar-2028	1,500,000	1,383,750	1,454,844
National Bank of Canada	7.500%	16-Nov-2082	1,000,000	1,000,000	1,059,267
NFI Group Inc.	5.000%	15-Jan-2027	1,507,000	1,296,086	1,429,691
RioCan Real Estate Investment Trust	4.628%	1-May-2029	1,000,000	974,400	1,017,804
Royal Bank of Canada	3.650%	24-Nov-2081	1,250,000	961,750	1,123,662
Sagen MI Canada Inc.	2.955%	1-Mar-2027	1,500,000	1,377,840	1,464,443
Saputo Inc.	2.297%	22-Jun-2028	1,500,000	1,370,215	1,436,773
SmartCentres Real Estate Investment Trust	2.307%	18-Dec-2028	1,000,000	929,120	932,072
TELUS Corp.	3.625%	1-Mar-2028	1,000,000	968,890	999,246
The Toronto-Dominion Bank	3.600%	31-Oct-2081	1,250,000	958,000	1,123,022
Tourmaline Oil Corp.	2.077%	25-Jan-2028	1,000,000	955,280	956,346
Transcanada Trust	4.650%	18-May-2077	1,000,000	912,190	993,344
Canadian Bonds Total				37,835,294	40,574,939
Canadian Mortgage-Backed Securities (28.5%)					
Cologix Canadian Issuer LP	7.740%	25-Jan-2052	1,000,000	925,180	956,850
Institutional Mortgage Securities Canada Inc.	3.839%	12-Oct-2026	1,000,000	930,500	947,380
Real Estate Asset Liquidity Trust	3.874%	12-Sep-2051	1,500,000	1,411,260	1,439,550

2028 Investment Grade Bond Trust

Schedule of investments (continued)

As at December 31, 2024

	Coupon rate	Maturity date	Par value ($)	Average Cost ($)	Fair Value ($)
Real Estate Asset Liquidity Trust	4.020%	12-Nov-2052	1,821,000	1,615,955	1,702,489
Real Estate Asset Liquidity Trust	4.250%	12-Aug-2053	1,000,000	908,970	954,340
Real Estate Asset Liquidity Trust	4.402%	12-Aug-2053	1,500,000	1,318,500	1,382,910
Real Estate Asset Liquidity Trust	4.020%	12-Jun-2054	1,000,000	883,240	928,070
Real Estate Asset Liquidity Trust	4.462%	12-Jun-2054	1,000,000	851,400	902,480
Real Estate Asset Liquidity Trust	3.550%	12-Feb-2055	2,000,000	1,763,000	1,781,150
Canadian Mortgage-Backed Securities Total				10,608,005	10,995,219
Total Canadian Bonds & Mortgage-Backed Securities				48,443,299	51,570,158
United States Bonds (3.7%)					
Athene Global Funding	2.470%	9-Jun-2028	1,500,000	1,371,680	1,437,559
United States Bonds Total				1,371,680	1,437,559
United States Mortgage-Backed Securities (3.8%)					
Retained Vantage Data Centers Issuer LLC	5.250%	15-Sep-2048	1,500,000	1,389,280	1,477,803
United States Mortgage-Backed Securities Total				1,389,280	1,477,803
Total United States Bonds & Mortgage-Backed Securities				2,760,960	2,915,362
Foreign Bonds (2.6%)					
Heathrow Funding Ltd.	3.400%	8-Mar-2028	1,000,000	960,160	992,851
Foreign Bonds Total				960,160	992,851
Total Bonds and Mortgage-Backed Securities (143.9%)				52,164,419	55,478,371
Unrealized appreciation (depreciation) on swaps (-0.8%)					(308,825)
Total Investment Portfolio and Swaps (143.1%)				52,164,419	55,169,546
Cash (0.0%)					-
Other Assets less Liabilities (-43.1%)					(16,603,624)
Total net assets attributable to holders of redeemable units (100.0%)					38,565,922

Unrealized appreciation (depreciation) on swaps

Interest Rate Swaps	Notional Units	Expiry Date	Counterparty	Credit Rating for Counterparty	Market Value ($)	Unrealized Gain/(Loss) ($)
IRS CAD PAY FIX 3.413% 29-FEB-2028 NBC	(14,000,000)	29-Feb-2028	National Bank of Canada	A-1	(1,484,474)	(1,484,474)
IRS CAD REC FLT 3.413% 29-FEB-2028 NBC	14,000,000	29-Feb-2028	National Bank of Canada	A-1	1,175,649	1,175,649
					(308,825)	(308,825)

1. FUND INFORMATION

2028 Investment Grade Bond Trust (the "Fund") is a closed-ended investment fund established as a trust under the laws of the Province of Ontario and governed by a declaration of trust dated December 4, 2023. The Fund is divided into units of participation ("Units") representing an interest in the Fund held by Unitholders. Effective December 21, 2023, the Fund has two classes of Units: Class A Units and Class F Units. The Fund may have an unlimited number of classes of Units and may issue an unlimited number of Units of each class. All classes of Units of the Fund are redeemable at the unitholders' option. Each class of Units is intended for different types of investors. All of the classes of Units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees, commissions or distributions. The net asset value per Unit (the "NAV per Unit") of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of Units.

The Fund will seek to: (i) preserve capital; and (ii) pay quarterly cash distributions, by investing primarily in corporate debt securities. The Fund commenced operations on December 4, 2023. The Fund has invested according to its investment objectives.

The Fund is managed by Next Edge Capital Corp. (the "Manager"). The custodian and valuation agent of the Fund is RBC Investor Services Trust. The transfer agent and registrar of the Fund is TSX Trust Company. The registered office of the Fund is located at 18 King Street East, Suite 902, Toronto, Ontario, Canada, M5C 1C4.

The financial statements were approved for issuance by the Manager on March 31, 2025.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS Accounting Standards. Accordingly, the Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

In applying IFRS Accounting Standards, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in Canadian dollars, the Fund's functional currency.

3. MATERIAL ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are designated as fair value through profit or loss ("FVTPL") upon initial recognition and are measured at FVTPL.

Financial instruments may include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the statements of financial position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership.

Classification and measurement

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, FVTPL, or fair value through other comprehensive income (loss) ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. The Fund classifies investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. Consequently, all investments are measured at FVTPL.

More specifically, the Fund's investments, derivative assets and liabilities and short sales, if any, are measured at FVTPL. The Fund's obligation for NAV attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. Financial assets held by the Fund that are measured at FVTPL will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statements date, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. No loss allowance has been recognized as any such impairment will not have a material impact on the financial statements.

Fair value and subsequent measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's 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 the specific facts and circumstances. Unlisted securities are determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

The Fund may invest in swap contracts. The fair value of over-the-counter swap contracts is determined using valuation techniques which incorporate the use of observable market data such as market returns, interest rates, and credit spreads. Changes in the fair value of the swap contracts outstanding at the reporting date are disclosed in the statements of comprehensive income (loss) as Net change in unrealized appreciation (depreciation) on swap contracts. When the swap contracts expire or are closed out, the net realized gain or loss is reflected in the statements of comprehensive income (loss) as part of net realized gain (loss) on swap contracts. Outstanding swap agreements as at reporting period end date are listed in the schedule of investments and are presented in the statements of financial position as unrealized appreciation or unrealized depreciation on swap contracts. Any amounts receivable (payable) from settlement of swap contracts are reflected in the statements of financial position as Daily variation margin.

The premium paid for purchasing an option is recorded as an asset in the statements of financial position. The premium is valued on each Valuation Date (as defined below) at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Net change in unrealized appreciation (depreciation) on investments" in the statements of comprehensive income (loss). When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing a call or put option is recorded as a liability in the statements of financial position. When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased. The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as "Net realized gain (loss) on sale of investments" in the statements of comprehensive income (loss).

Any unlisted warrants are valued using the Black-Scholes model.

Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured as at the close of business on every business day, or, if not a business day, on the following business day and on any other day as the Manager determines (a "Valuation Date"), will be obtained by the valuation agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit, on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units are reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units for financial statements purposes in accordance with IFRS Accounting Standards is consistent with the calculation of the NAV for transactional purposes.

Investment transactions and income recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Interest income for distribution purposes is recorded as it is earned.

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statements of comprehensive income (loss).

"Interest income for distribution purposes" shown on the statements of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis.

Realized gains and losses from security transactions are calculated using the average cost basis.

The period-over-period change in the difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) on investments.

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income in the period.

Functional and presentation currency

The Fund's functional and presentation currency is the Canadian dollar ("CAD"), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in CAD. Therefore, the CAD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's subscriptions and redemptions are denominated in CAD.

The fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund's reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund's reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) relating to cash, receivables and payables are presented as "Foreign currency gain (loss) on cash and other net assets" and those relating to financial instruments classified as held for trading and FVTPL are presented within "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) on investments" in the statements of comprehensive income (loss).

Cash

Cash comprises deposits with financial institutions.

Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of the class by the weighted average number of units outstanding of the class during the period.

Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's NAV, which includes redeemable participating unitholder trades dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Taxation

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act"). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders 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 statements of financial position as a deferred income tax asset. See note 8.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements* replaces IAS 1, *Presentation of Financial Statements* effective for annual periods beginning on or after January 1, 2027. The standard aims to improve financial statement compatibility and transparency by introducing a more structured statement of comprehensive income. 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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:

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be 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 indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed.

The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's activities expose it to a variety of risks as follows: portfolio concentration risk credit risk, interest rate risk, liquidity risk and market risk (currency risk and other price risk). The Fund is also exposed to borrowing risk, counterparty risk, cybersecurity risk, derivatives risk, equity securities risk, exchange of tax information risk, legislation and litigation risk, leverage risk, multiple class risk, options risk, price volatility risk, repurchase and reverse repurchase transactions, securities lending risk, sector risk, short selling risk, stock market risk, substantial securityholder risk, and tax risk.

Portfolio concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty. As the Fund's mandate is to invest predominantly in debt securities in Canada, the Fund is exposed to risks specific to the debt sector, which are discussed below. Please refer to the schedule of investments for a listing of the Fund's portfolio.

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective. The investment portfolio of the Fund may change due to ongoing portfolio transactions.

	% of Net Asset Value	
Portfolio by Asset Mix	2024	2023
Canadian Bonds	105.3%	84.1%
Canadian Mortgage-Backed Securities	28.5%	20.8%
United States Bonds	3.7%	5.7%
Foreign Bonds	2.6%	3.0%
United States Mortgage-Backed Securities	3.8%	3.0%
Swap Contract	(0.8%)	(0.4%)
Total investments	143.1%	116.2%
Cash	0.0%	1.7%
Other net liabilities	(43.1%)	(17.9%)
Total net asset value	100.0%	100.0%

	% of Net Asset Value	
Portfolio by Industry	2024	2023
Banks	45.3%	43.0%
NHA Mortgage Backed Securities	28.5%	20.8%
Energy	15.8%	16.7%
Equity Real Estate Investment Trusts	11.2%	10.4%
Insurance	12.3%	8.2%
Consumer Durables & Apparel	3.8%	4.4%
Conventional Mortgage Backed Securities	3.8%	3.0%
Automobiles & Components	3.7%	-
Food, Beverage & Tobacco	3.7%	-
Transportation	2.6%	3.0%
Telecommunication Services	2.6%	-
Capital Goods	3.7%	2.8%
Financial Services	-	2.8%
Media & Entertainment	6.9%	1.5%
Swap contracts	(0.8%)	(0.4%)
Total investments	143.1%	116.2%
Cash	0.0%	1.7%
Other net liabilities	(43.1%)	(17.9%)
Total net asset value	**100.0%**	**100.0%**

	% of Net Asset Value	
Portfolio by Country	2024	2023
Canada	133.0%	104.5%
United States	7.5%	8.7%
International	2.6%	3.0%
Total investments	143.1%	116.2%
Cash and cash equivalents	0.0%	1.7%
Other net liabilities	(43.1%)	(17.9%)
Total net asset value	**100.0%**	**100.0%**

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the creditworthiness of the debt issuer. The carrying amount of debt instruments as shown on the schedule of investments represents the credit risk exposure of the Fund. Credit risk exposure for derivative instruments is based on the Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the statements of financial position.

The Fund invests primarily in bonds and mortgage-backed securities, which have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

The Fund also invests in interest rate swaps. All of the Fund's swaps transactions is with National Bank of Canada, which has an S&P credit rating of A-1 on their short-term debt.

Ratings for securities that subject the Fund to credit risk as at December 31, 2024 and 2023 are noted below:

	% of Net Asset Value	
Credit Rating	2024	2023
AA/Aa	9.9%	5.6%
A/A	28.7%	29.1%
BBB/Baa	67.8%	62.5%
BB/Ba	29.0%	23.4%
B/B	-	1.6%
CCC/Caa	0.4%	-
C/C	2.3%	-
Not rated	-	(6.0%)
	138.1%	116.2%

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of assets and future cash flow. The NAV of the Fund may be highly sensitive to interest rate fluctuations because the value of the Portfolio will fluctuate based on interest rates. As at December 31, 2024, the Fund has $55,478,371 (2023: $36,636,231) exposure to interest rate risk through its investment in debt instruments.

If the prevailing interest rates had been raised or lowered by 100 basis points, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased by $1,456,998 (2023: $1,068,224). The Fund utilized interest rate swaps to hedge against interest rate fluctuations.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund may invest in illiquid investments, provided that immediately after the purchase, not more than 20% of the Fund's net asset value would be comprised of illiquid assets. The Fund is not permitted to hold for a period of 90 days or more, more than 25% of its net asset value in illiquid assets. If more than 25% of the Fund's net asset value is made up of illiquid assets, the Fund will as quickly as commercially reasonable, take all necessary steps to reduce the percentage of its net asset value made up of illiquid assets to 25% of net asset value or less.

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

December 31, 2024

Financial liabilities	On demand	< 3 months	Total
Margin	16,822,530	-	16,822,530
Management fees payable	-	45,390	45,390
Audit fees payable	-	78,862	78,862
Administrative fees payable	-	1,630	1,630
HST payable	-	14,522	14,522
Accrued expenses	-	10	10
Financial liabilities at FVTPL	308,825	-	308,825
	17,131,355	140,414	17,271,769

As at December 31, 2024, the carrying amount of financial instruments at FVTPL which have been pledged as collateral for the margin liability is $1,491,963 (2023: $nil).

December 31, 2023

Financial liabilities	On demand	< 3 months	Total
Payable for investments purchased	5,481,946	-	5,481,946
Expenses of the offering payable	-	325,000	325,000
Management fees payable	-	4,826	4,826
Financial liabilities at FVTPL	113,060	-	113,060
Audit fees payable	-	58,000	58,000
Administration fees payable	-	3,501	3,501
HST payable	-	43,333	43,333
	5,595,006	434,660	6,029,666

Redeemable units are redeemable on demand at the holder’s option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Market risk

The Fund’s investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following market risks include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

(a) Currency risk

The Fund invests in financial instruments denominated in currencies other than CAD. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund uses options on currency exchange-traded funds to reduce its foreign currency exposure.

The Fund does not have direct exposure to foreign currency through its investment portfolio or other net assets (liabilities) as at December 31, 2024 and 2023.

(b) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please refer to the schedule of investments for a breakdown of the NAV of the Fund by security and geographic allocation. Sensitivity against the benchmark was not included as there is an insufficient period of trading to statistically create a meaningful correlation between the performance of the Fund's portfolio investments to the relevant benchmark.

Fair value measurement

The table below presents financial instruments measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

As at December 31, 2024 and 2023, the financial instruments measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Bonds	-	43,005,349	-	43,005,349
Mortgage-backed securities	-	12,473,022	-	12,473,022
Interest rate swaps	-	(308,825)	-	(308,825)
	-	55,169,546	-	55,169,546

December 31, 2023	Level 1	Level 2	Level 3	Total
Bonds	-	29,167,636	-	29,167,636
Mortgage-backed securities	-	7,468,595	-	7,468,595
Interest rate swaps	-	(113,060)	-	(113,060)
	-	36,523,171	-	36,523,171

All fair value measurements above are recurring. The carrying values of cash, interest and other receivables, payable for investments purchased, other accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units are measured at amortized cost. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

There were no transfers between any levels of the fair value hierarchy during the year ended December 31, 2024, or the period December 4 to December 31, 2023.

7. REDEEMABLE UNITS

For the year ended December 31, 2024 and the period December 4 to December 31, 2023, the Fund offered two classes of redeemable units: Class A units and Class F units. The class of Units selected affects the commissions that were payable by an investor, the management fees payable by the Fund, and the compensation that a dealer received in respect of the sale of Units.

All of the classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of Units. The Fund and the Manager do not charge a fee or commission when investors purchase Units of the Fund. The number of units issued, redeemed or cancelled for each respective class as at December 31, 2024 and 2023 is summarized in the following tables.

For the periods ended[1]	2024	2023
Class A[2]		
Balance, beginning		-
Units issued for cash	1	1,405,450
Units redeemed	(1)	-
Units redeemed for conversion	-	(1,405,449)
Balance, ending	**-**	**1**

For the periods ended[1]	2024	2023
Class F[2]		
Balance, beginning	3,225,545	-
Units issued for cash	461,999	1,844,550
Units redeemed	(15,800)	-
Units issued for conversion	-	1,380,995
Balance, ending	**3,671,744**	**3,225,545**

1. For the year ended December 31, 2024 and the period December 4 to December 31, 2023.
2. One Class A opening unit was issued December 4, 2023 to the Manager. The first issuance of Class F units was on December 21, 2023. See note 11 Conversion of Units.

Capital management

The capital of the Fund is represented by net assets attributable to holders of redeemable units. As a result of the ability to issue and redeem redeemable Units, the capital of the Fund can vary depending on the demand for redemptions from and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of redeemable Units other than those set out in its Simplified Prospectus.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Simplified Prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

Reconciliation of valuation to Net Asset Value

As at December 31, 2024, there was no difference between the Net Assets as per the financial statements and the NAV for subscription and redemption purposes (valuation purpose), calculated in accordance with the offering memorandum

As at December 31, 2023, there was a difference between the Net Assets as per the financial statements and the NAV for subscription and redemption purposes (valuation purpose), calculated in accordance with the offering memorandum.

December 31, 2023	Class A	Class F
Net Assets per financial statements	$10	$31,410,797
Redeemable units per financial statements	1	3,225,545
Net Assets per unit per financial statements	**$9.57**	**$9.74**
Net Assets per financial statements	$10	$31,410,797
Adjustment for HST expenses of the offering	$18,271	$23,979
Adjustment for HST expenses upon conversion	($18,271)	$18,271
Adjustment for audit fees	-	$58,000
Net Asset Value per valuation	**$10**	**$31,511,047**
Redeemable units per valuation	1	3,225,545
Net Asset Value per unit per valuation	**$9.59**	**$9.77**

8. INCOME TAXES

The Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act and the Fund elected under the Tax Act to be a mutual fund trust from the date it was established.

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. An amount will be considered to be payable to a unitholder in a taxation year if it is paid in the year by the Fund or the unitholder is entitled in that year to enforce payment of the amount. The Fund makes sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of units during the year (the "Capital Gains Refund"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year, which may arise upon the disposition of securities in connection with the redemption of units.

If the Fund does have income for tax purposes that is in excess of any distributions paid or made payable to unitholders during the year and the net realized capital gains of the Fund, the tax on which would be recovered by the Fund in the year by reason of the capital gains refund provisions of the Tax Act, in order to ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act.

As at December 31, 2024, the Fund had $105 capital losses (2023: $nil) and $nil non-capital losses (2023: $nil).

9. FEES AND OPERATING EXPENSES

Annual Management Fees (% of net asset value of the class of the Fund)	
Class	**Management Fee[1,2]**
Class A Units	0.70%
Class F Units	0.70%

1. Plus applicable HST.
2. The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the "management fee") at (up to) an annual rate of: 0.70% of the portion of its NAV represented by the Class A Units and the Class F Units, calculated daily and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's Units.

The Fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping fees, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

The Chair of the Independent Review Committee currently receives an annual retainer of $12,000 and the other Independent Review Committee members an annual retainer of $9,000, plus reimbursement of expenses, and all such fees and expenses of the Independent Review Committee will be paid by the Manager's funds pro rata based on the amount of time spent on each of the Manager's funds' business.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any additional expenses which would otherwise be payable by the Fund.

Each class of Units is responsible for the expenses specifically related to that class and a proportionate share of the expenses that are common to all classes of Units.

10. RELATED PARTY TRANSACTIONS

The manager of the Fund is Next Edge Capital Corp.

(a) Management fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (note 9). Total management fees for the year ended December 31, 2024 amounted to $253,248 (2023: $4,826) and are reported in the statements of comprehensive income (loss), with $45,390 in outstanding accrued fees due to the Manager as at December 31, 2024 (2023: $4,826) reported in the statements of financial position.

(b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the year ended December 31, 2024 was $14,163 (2023: $nil).

11. CONVERSION OF UNITS

There were no conversions of units for the year ended December 31, 2024.

All 1,405,449 Class A Units purchased on December 21, 2023 were converted into 1,380,995 Class F Units at a conversion ratio of 0.9826 which was calculated using Class A's NAV per Unit as a proportion of Class F's NAV per Unit. The conversion was approved by the Manager.

The conversion had no impact to the overall net assets of the Fund.

12. AGENTS' FEES AND EXPENSES OF THE OFFERING

Please refer to the prospectus for more details of the agent fees and expenses of the offering. Fees payable to the agents on each closing are $0.30 per Class A Unit and $0.13 per Class F Unit.

Expenses of the offering were paid out of the gross proceeds of the offering. It was subject to a maximum of 1.0% of the gross proceeds of the offering before deducting agent fees. The Manager bore all expenses of the offering (which does not include agent fees) in excess of 1.0% of the gross proceeds of the offering.

13. GLOBAL TENSIONS

The ongoing military conflicts globally have continued to negatively impact regional and global financial markets and economies. The adverse effects include, but are not limited to, significant market volatility, inflationary pressures, increase in interest rates, increase in credit risk, strain on commodity markets, foreign currency exchange rate volatility and disruption of business operations. In light of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures.

2028 Investment Grade Bond Trust

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