

Financial Statements  
(Expressed in Canadian dollars)

## **TRUX EXOGENOUS RISK POOL**

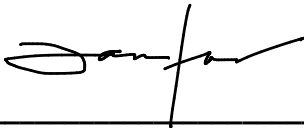
Period from January 14, 2022, (commencement of operations) to  
June 30, 2022, (Unaudited)

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by **True Exposure Investments, Inc.** in its capacity as the Trustee of the Fund. The Fund's Trustee is responsible for the information and representations contained in these financial statements.

The Trustee maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements made by the Trustee. The significant accounting policies that the Trustee believes are appropriate for the Fund are described in Note 3 to the unaudited interim financial statements.

On behalf of the Trustee



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August 29, 2022

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Date

## NOTICE TO UNITHOLDERS

**The Auditors of the Trust have not reviewed these financial statements.**

True Exposure Investments, Inc, the Trustee of the Trust, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

# TruX Exogenous Risk Pool

## Statement of Financial Position

(Expressed in Canadian dollars)

As at June 30, 2022 (Unaudited)

### ASSETS

#### Current assets

Cash	\$	1,002,243
Investments owned, at fair value through profit or loss (note 7)		3,474,936
Subscriptions receivable		96,533
Expense reimbursement receivable (note 8)		56,391
Dividends receivable		2,036
Receivable for investments sold		397,963
Unrealized gain of forward contract		5,805
		<u>5,035,907</u>

### LIABILITIES

#### Current liabilities

Investments sold short, at fair value through profit or loss (note 7)		979,914
Accounts payable and accrued liabilities		76,401
Management fees payable (note 5)		1,167
Distributions payable		41
Payable for investments purchased		650,230
		<u>1,707,753</u>

**Net assets attributable to holders of redeemable units** \$ 3,328,154

#### Net assets attributable to holders of redeemable units per series

Series F	\$	346,667
Series N		2,293,868
Series UN		687,619
		<u>\$ 3,328,154</u>

#### Number of redeemable units outstanding (note 6)

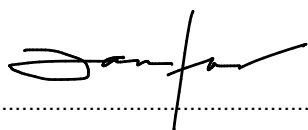
Series F	35,125
Series N	231,047
Series UN	69,260

#### Net assets attributable to holders of redeemable units per unit

Series F	\$	9.87
Series N		9.93
Series UN		9.93

See accompanying notes to financial statements.

Approved on behalf of the Manager



True Exposure Investments, Inc., Manager

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

# TruX Exogenous Risk Pool

## Statement of Comprehensive Income

(Expressed in Canadian dollars)

**Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)**

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### Income

Interest income for distribution purposes	\$	551
Dividends		6,782
Net change in unrealized appreciation/depreciation in value of investments		15,660
Net realized loss on sale of investments, including foreign exchange adjustments		(121)
Net change in unrealized appreciation/depreciation on derivatives		(894)
Net realized gain on derivatives		4,222
Early redemption fees		3,933
		<u>30,133</u>

### Expenses

Operating costs		68,760
Custodian fees		20,186
Audit fees		7,963
IRC Fees		3,451
Commissions and other portfolio transaction costs		1,400
Dividends paid on investments sold short		1,228
Management fees (note 5)		1,167
Withholding taxes		1,017
Interest and bank charges		444
		<u>105,616</u>
Expense reimbursement (note 8)		(99,848)
		<u>5,768</u>

**Increase in net assets attributable to holders of redeemable units** \$ 24,365

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

Series F	\$	1,226
Series N		25,640
Series O		132
Series P		(3,258)
Series UN		625
	\$	<u>24,365</u>

### Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 9)

Series F	\$	0.05
Series N		0.23
Series O		0.13
Series P		(0.42)
Series UN		0.04

## TruX Exogenous Risk Pool

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued*	Redemption of redeemable units*	Distributions to holders of redeemable units	Distributions reinvested to holders of redeemable units	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2022</b>							
Series F	\$ –	\$ 345,441	\$ –	\$ (4,135)	\$ 4,135	\$ 1,226	\$ 346,667
Series N	–	2,268,228	–	(5,762)	5,762	25,640	2,293,868
Series O	–	10,000	(10,132)	–	–	132	–
Series P	–	210,000	(206,742)	(50)	50	(3,258)	–
Series UN	–	687,035	–	(1,727)	1,686	625	687,619
	<u>\$ –</u>	<u>\$ 3,520,704</u>	<u>\$ (216,874)</u>	<u>\$ (11,674)</u>	<u>\$ 11,633</u>	<u>\$ 24,365</u>	<u>\$ 3,328,154</u>

\* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2022, were \$nil and \$nil, respectively.

# TruX Exogenous Risk Pool

## Statement of Cash Flows

(Expressed in Canadian dollars)

**Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)**

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### Cash provided by (used in):

#### Operating Activities

Increase in net assets attributable to holders of redeemable units	\$	24,365
Adjustments for non-cash items		
Net change in unrealized appreciation/depreciation in value of investments		(15,660)
Net realized loss on sale of investments, including foreign exchange adjustments		121
Net change in unrealized appreciation/depreciation on derivatives		894
Net realized gain on derivatives		(4,222)
Change in non-cash balances		
Increase in dividend receivable		(2,036)
Increase in expense reimbursement receivable		(56,391)
Increase in receivable for investments sold		(397,963)
Increase in accounts payable and accrued liabilities		76,401
Increase in management fees payable		1,167
Increase in payable for investments purchased		650,230
Proceeds from sale of investments		1,193,004
Purchase of investments		(3,674,817)
		<hr/>
Cash used in operating activities		(2,204,907)

#### Financing Activities

Proceeds from issue of redeemable units		3,520,704
Payment on redemption of redeemable units		(313,407)
		<hr/>
Cash provided by financing activities		3,207,297

Increase in cash during the period		1,002,390
Foreign exchange loss on cash		(147)
Cash, beginning of period		—
		<hr/>
<b>Cash, end of period</b>	<b>\$</b>	<b>1,002,243</b>

#### Supplemental information\*

Interest paid	\$	52
Interest received		551
Dividends paid		1,228
Dividends received, net of withholding taxes		3,730

\*Included as a part of cash flows from operating activities

# TruX Exogenous Risk Pool

## Schedule of Investment Portfolio

(Expressed in Canadian dollars)

As at June 30, 2022 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>U.S. equities</b>				
6,243	iShares 1-3 Year Treasury Bond ETF	\$ 665,327	\$ 665,222	19.99
2,369	SPDR S&P500 ETF Trust	1,163,793	1,150,243	34.56
		<u>1,829,120</u>	<u>1,815,465</u>	<u>54.55</u>
<b>U.S. investment funds</b>				
14,241	CI Gold Bullion Fund	337,729	330,470	9.93
10,780	Consumer Staples Select Sector SPDR Fund	985,776	1,001,454	30.09
908	Invesco QQQ Trust Series 1	335,113	327,547	9.84
		<u>1,658,618</u>	<u>1,659,471</u>	<u>49.86</u>
	<b>Total investments owned</b>	3,487,738	3,474,936	104.41
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
<b>U.S. investment fund</b>				
(5,538)	Consumer Discretionary Select Sector SPDR Fund	\$ (1,007,002)	(979,914)	(29.44)
	<b>Total investments sold short</b>	(1,007,002)	(979,914)	(29.44)
	Commissions and other portfolio transaction costs	(1,374)	—	—
	<b>Net investments owned</b>	<u>\$ 2,479,362</u>	2,495,022	74.97
	Unrealized gain, foreign exchange forward contracts (Schedule 1)		5,805	0.17
	<b>Other assets, net</b>		<u>827,327</u>	<u>24.86</u>
	<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 3,328,154</u>	<u>100.00</u>

### Schedule 1 - Forward Contracts

Settlement Date	Currency	Counterparty	Forward Rates	Notional Amount	Market Value	Unrealized Gain
July 21, 2022	CAD	NBIN	1.292300	\$ (533,400)	\$ (531,228)	\$ 2,172
July 21, 2022	CAD	NBIN	1.294900	\$ (221,200)	\$ (219,857)	\$ 1,343
July 21, 2022	CAD	NBIN	1.294500	\$ (355,000)	\$ (352,953)	\$ 2,047
July 21, 2022	CAD	NBIN	1.289150	\$ (147,880)	\$ (147,638)	\$ 242
<b>Total unrealized gain on foreign exchange forward contracts</b>						<u>\$ 5,805</u>

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

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements  
(Expressed in Canadian dollars)

Period from January 14, 2022, (commencement of operations) to June 30, 2022, (Unaudited)

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## 1. Establishment of Fund:

TruX Exogenous Risk Pool (the "Fund") is an open-ended trust established on January 7, 2022, under the laws of the Province of Ontario and is governed by a declaration of trust, as amended, restated or supplemented from time to time (the "Declaration of Trust"). The Fund commenced active operations on January 14, 2022. The Fund is a mutual fund governed by a simplified prospectus and is subject to the requirements of National Instrument 81-102 *Investment Funds* ("NI 81 - 102").

True Exposure Investments, Inc. (the "Manager" and "Trustee"), a corporation existing under the laws of the Province of Ontario, acts as the investment fund manager and the trustee of the Fund pursuant to the Declaration of Trust. The Manager is responsible for the day to day operations of the Fund and provides general management and administration services. The Manager may delegate any part of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager and Trustee has appointed Inukshuk Capital Management Inc. (the "Portfolio Manager") to act as the portfolio manager of the Fund under an Investment Management Agreement dated January 14, 2022. Under this agreement, the Portfolio Manager provides investment advisory and portfolio management services to the Fund.

SGGG Fund Services Inc. (the "Recordkeeper") acts as the recordkeeper of the Fund. National Bank Independent Network, a division of National Bank Financial Inc., acts as the custodian (the "Custodian") of the Fund.

The address of the Fund's registered office is 130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3, Canada.

The Fund seeks to provide relative or absolute capital preservation during sudden societal-level shocks that can negatively impact equities along with generating returns that are competitive with equity markets over the longer-term, including periods between shocks. The Fund will use alternative investment strategies including borrowing for investment purposes, short selling and the use of derivatives to seek to manage market volatility. The Fund's aggregate exposure to leverage through these strategies will not exceed two times its Net Asset Value ("NAV"), measured on a daily basis. The Fund is subject to certain standard investment restrictions and practices contained in securities legislation, including NI81-102.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022, (commencement of operations) to June 30, 2022, (Unaudited)

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## 1. Establishment of Fund (continued):

To achieve its investment objective, the Fund will invest primarily in exchange traded funds ("ETFs") denominated in US currency in industry sectors on both a long and short basis and it may also invest in liquid alternative assets, commodities and government bonds that may provide strong performance during societal level shocks.

## 2. Basis of presentation:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and International Accounting Standard 34, Interim Financial Reporting. The Fund reports under this basis of accounting as required by Canadian securities legislation and the Accounting Standards Board.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 29, 2022, which is the date on which the interim financial statements were authorized for issue by the Manager.

The financial statements of the Fund are expressed in Canadian dollars.

## 3. Significant accounting policies:

The following is a summary of the significant accounting policies applied by the Fund:

### (a) Classification of financial instruments:

The Fund classifies its investments as financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022, (commencement of operations) to June 30, 2022, (Unaudited)

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### 3. Significant accounting policies (continued):

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

All other financial assets and financial liabilities are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate, minus any reduction for impairment. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

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 ("Trading NAV") for transactions with unitholders.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 3. Significant accounting policies (continued):

### (b) 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 to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### (c) Impairment of financial assets:

The Fund's other assets measured at amortized cost, including dividends receivable, expense reimbursement receivable, subscriptions receivable and receivable for investments sold are subject to the expected credit loss model in IFRS 9, *Financial Instruments* ("IFRS 9"). The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected credit loss provision for all other assets. Impairment losses on financial assets at amortized cost, if any, are recognized in the statement of comprehensive income.

### (d) Recognition/derecognition:

The Fund recognizes financial assets and financial liabilities at FVTPL on the trade date - the date it commits to purchase or sell short the instruments. Other financial assets and liabilities are recognized at fair value, including transaction costs, on the date on which they are originated. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statement of comprehensive income.

Financial assets are derecognized when, and only when, the contractual rights to the cash flows from the asset expire, or the Fund transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged or cancelled or they expire.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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### 3. Significant accounting policies (continued):

(e) 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 a particular series of units by the total number of units of that particular series outstanding at the end of the period.

(f) 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 is based on the increase (decrease) in net assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number of units outstanding of that series during the period. Refer to note 9 for the calculation.

(g) Use of estimates:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

(h) Withholding tax expense:

The Fund generally incurs 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.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 3. Significant accounting policies (continued):

### (i) Valuation of investments:

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's simplified prospectus, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. 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. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. When the Fund holds gold or any other precious metals, it uses the active spot price as a basis for establishing the fair value.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

### (j) Investment entity:

The Fund has determined that it is an investment entity as defined by IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and the amendments to IFRS 10, as the following conditions exist:

- (i) The Fund has obtained funds from one or more investors for the purpose of providing those investors with investment management services;

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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### 3. Significant accounting policies (continued):

- (ii) The Fund has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- (iii) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

As an investment entity, the Fund is exempted from consolidating or applying IFRS 3, *Business Combination*, for the measurement of its investments in trusts and instead is required to measure such investments at FVTPL.

#### (k) Investment transactions and revenue recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gain (loss) on sale of investments and unrealized appreciation (depreciation) in value of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

The interest income for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the of fixed income securities except for zero-coupon bonds, which are amortized on a straight-line basis.

#### (l) Translation of foreign currency:

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00 pm Eastern Time (the "closing rate") on each Valuation Date (each day that the Toronto Stock Exchange is open for trading, or such other day(s) as the Manager may determine). Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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### 3. Significant accounting policies (continued):

(m) Transaction costs:

Transaction costs related to financial assets and liabilities are expensed as incurred.

(n) Purchase and redemption of redeemable units:

The value at which units are listed or redeemed is determined by dividing the net assets attributable to holders of redeemable units at fair value of the Fund by the total number of units outstanding on the Valuation Date. Units of the Fund are valued daily on the Valuation Date. Amounts received on the issuance of redeemable units and amounts paid on the redemption of redeemable units are added to or deducted from the statement of changes in net assets attributable to holders of redeemable units.

(o) Cash:

Cash is comprised of cash on hand or on deposit.

(p) Derivative transactions:

The Fund may use derivative contracts to manage risks associated with the investments. The derivatives are classified as FVTPL and, as a result, the contracts are measured at fair value on the Valuation Date and the resulting gains and losses, both realized and unrealized, are recognized in the statement of comprehensive income.

(q) Other assets and liabilities:

Dividends receivable, expense reimbursement receivable, subscriptions receivable and receivable for investments sold are classified as financial assets, subsequently measured at amortized cost and recorded at cost or amortized cost. Accounts payable and accrued liabilities, management fees payable, payable for investments purchased, redemptions payable and distributions payable are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of being incurred. Other assets and liabilities are short term in nature, and are carried at amortized cost which approximates fair value.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 4. 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.

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL, per IFRS 9.

## 5. Related party transactions:

### (a) Management fees:

The Fund pays the Manager a weekly management fee for providing its services to the Fund. Redeemable units of the Fund, other than Series O units, are charged annual management fees equal to the following percentages of the Series NAV of the said series of the Fund, calculated and accrued on each Valuation Date and payable weekly (except at month-end):

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Series F	0.55%
Series P	0.70%
Series N	0.30%
Series O	Nil
Series UN	0.30%

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For Series O units, no management fee is charged to the Fund as each investor negotiates a separate management fee with the Manager and pays it directly to the Manager. Management fees are subject to applicable taxes, including QST, GST or HST.

Management fees for the period ended June 30, 2022, were \$1,167, and \$1,167 was payable as at June 30, 2022.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 6. Redeemable units of the Fund:

An investment in the Fund is represented by units. The Fund is authorized to issue an unlimited number of series (each, a "Series"). The Fund is authorized to issue an unlimited number of units within each Series. The Fund may offer a new Series at any time. Holders of the units of a Series are unitholders (the "Unitholders"). The Trustee has the power to determine the terms and conditions of each Series. Each unit of a Series represents an undivided ownership interest in the assets attributable to that Series of units of the Fund.

All units of the same Series have equal rights and privileges. Each whole unit of a particular Series is entitled to one vote at meetings of Unitholders of the Fund where all Series vote together, or to one vote at meetings of Unitholders where that particular Series of Unitholders votes separately as a Series. The Trustee may, upon providing a Unitholder with twenty one (21) days written notice, subdivide and consolidate units of the Series issued.

All units of the same Series are entitled to participate pro rata: (i) in any payments or distributions made by the Fund to the Unitholders of the same Series; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Series of net assets of the Fund remaining after satisfaction of outstanding liabilities of such Series.

All units are fully paid and non-assessable when issued. There are no pre-emptive rights attaching to units. Units are transferable on the register of the Fund only by a registered Unitholder or his or her legal representative, subject to compliance with securities laws and the Declaration of Trust. Fractional units carry the same rights and are subject to the same conditions as whole units (other than with respect to voting rights) in the proportion which they bear to a whole unit. As of June 30, 2022, Series F and Series N and Series UN have been issued. Series O and Series P are no longer available for issue.

Units may be purchased on each Valuation Date by sending a purchase order to the recordkeeper before 4:00 pm ("cut-off time") and the net asset per unit applicable would be of that valuation date and if any purchase order is received on a Valuation Date after the cut-off time or any day that is not a Valuation Date then the net asset per unit of the following Valuation Date would be applicable.

A Unitholder may purchase Series N units of the Fund in U.S. dollars as well as Canadian dollars. The Canadian dollar net asset value for the Fund is converted to U.S. dollars at the prevailing exchange rate for a valuation day in order to determine the applicable U.S. dollar net asset value. No other series of the Fund are currently available for purchase in U.S. dollars.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

## 6. Redeemable units of the Fund (continued):

A Unitholder may redeem units at the applicable Series Net Asset Value per unit on the Valuation Date. A notice of redemption must be delivered to the recordkeeper by 4:00pm on the Valuation Date on which the Unitholder wishes to redeem units. Redemption requests received after that time will be effective for redemption following the next Valuation Date. The redemption proceeds less any short-term trading fee charges are typically paid to a Unitholder within two business days of the applicable Valuation Date.

Investors must keep at least \$2,500 in their accounts (\$200,000 in case of Series P units). If the account falls below \$500 in case of Series F units, the Manager may notify the Unitholder and give them 30 days to make another investment. If the account stays below \$2,500 after the end of the 30-day notice period, the Manager may redeem all of the units in the account and send the proceeds to that Unitholder.

If a Unitholder redeems or switch units within 30 days of purchase of units or switching, the Manager may charge and deduct from the redemption proceeds a short-term trading fee of up to 2% of the NAV of the units redeemed or switched on behalf of the Fund.

The unit activity for the period from January 14, 2022, (commencement of operations) to June 30, 2022, is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
<b>June 30, 2022</b>					
Series F	–	34,710	–	415	35,125
Series N	–	230,467	–	580	231,047
Series O	–	1,000	(1,000)	–	–
Series P	–	20,839	(20,844)	5	–
Series UN	–	69,090	–	170	69,260

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 6. Redeemable units of the Fund (continued):

### Distributions

For each taxation year, the Fund ensures that its income and net realized capital gains, if any, have been paid or made payable on or before December 31 to Unitholders to such an extent that the Fund will not be liable for ordinary income tax thereon. For Series F and Series N units, the Fund will distribute a stable monthly amount which can be reviewed and adjusted in the month of January by Manager. For the initial year, the distribution is set at 3% of the initial NAV per unit payable monthly. Distributions will be reinvested in additional units of the Fund unless a written request for cash payment is received.

### Capital disclosure

The capital of the Fund is represented by issued and redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset attributable to holders of redeemable units per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

## 7. Financial instruments:

### (a) Management of financial instrument risks:

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and the market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the types of securities in which it invests.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 7. Financial instruments (continued):

### (b) Credit risk:

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

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund. As at June 30, 2022, the Fund did not have significant exposure to credit risk.

### (c) Liquidity risk:

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity. As at June 30, 2022, all financial liabilities of the Fund are due between one and three months.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 7. Financial instruments (continued):

### (d) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. As at June 30, 2022, the Fund did not have significant exposure to interest rate risk.

### (e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objective and strategy. Possible losses from short positions can be unlimited. The Fund's overall market positions are monitored on a regular basis by the Manager.

Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments. A 10% movement in stock prices could result in a \$249,502 change in net assets attributable to holders of redeemable units. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The COVID-19 virus is a fading risk to the global recovery and the extent of the continuing impacts from the COVID-19 outbreak on the Fund's operations and performance remains uncertain and difficult to predict. The ultimate economic fallout from the on-going pandemic, and the long-term impact on economies, markets, industries and individual companies remain uncertain. The extent of the impact to the financial performance and the operations of the Fund will depend on future developments, which are highly uncertain and cannot be predicted.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

## 7. Financial instruments (continued):

### (e) Other price risk (continued):

The conflict between Russia and Ukraine that started on February 24, 2022, could have an impact on the Fund's net asset value. Although the Fund does not have any direct investments in these countries involved in the conflict, fluctuations in the Fund's net asset value could arise from general market fluctuations caused by the instability of the conflict, its impact on global economy and general investor sentiment and confidence.

### (f) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which represents the functional currency of the Fund. The Fund may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies. As at June 30, 2022, the currency risk related to the Fund is shown below:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>June 30, 2022</b>						
U.S. Dollar	\$ (526,045)	\$ 2,495,022	\$ 1,968,977	\$ (26,302)	\$ 124,751	\$ 98,449
	\$ (526,045)	\$ 2,495,022	\$ 1,968,977	\$ (26,302)	\$ 124,751	\$ 98,449
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(15.8)	75.0	59.2	(0.8)	3.7	2.9

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

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 7. Financial instruments (continued):

(g) Concentration risk:

Concentration risk arises because of the concentration exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following table is a summary of the Fund's concentration risk as a percentage of the Fund's net assets:

	Percentage of net assets attributable to holders of redeemable units
<b>Market segment</b>	<b>June 30, 2022</b>
<b>Investments owned</b>	
Funds	104.41
	104.41
<b>Investments sold short</b>	
Funds	(29.44)
	(29.44)
<hr/>	
Total net investments	74.97
Unrealized gain, foreign exchange forward contracts	0.17
Other assets and liabilities	24.86
	100.00

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# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 7. Financial instruments (continued):

### (h) Leverage risk:

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's aggregate gross exposure to underlying assets is greater than the amount invested. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavourable times.

As prescribed by NI 81-102, the aggregate gross exposure of the Fund, to be calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the amount of cash borrowed for investment purposes; (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 the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

During the period from January 14, 2022, (commencement of operations) to June 30, 2022, the Fund's lowest and highest aggregate gross exposure was 11.7% and 53.2% of the Fund's NAV respectively. The primary source of leverage was short sales. The low and high end of the range are as a result of our investing activities, and timing of subscriptions and/or redemptions. The Fund's strategy is outlined in the simplified prospectus.

The Manager monitors, on a daily basis, that the Fund's aggregate gross exposure is less than three times the Fund's net asset value.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 7. Financial instruments (continued):

### (i) Fair values of financial instruments:

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in 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 (unobservable inputs).

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equity	\$ 1,815,465	\$ –	\$ –	1,815,465
Investment Fund	1,659,471	–	–	1,659,471
	\$ 3,474,936	\$ –	\$ –	3,474,936
<b>Liabilities</b>				
Investment Fund	\$ 979,914	\$ –	\$ –	979,914
	\$ 979,914	\$ –	\$ –	979,914

There were no transfers between levels during the period from January 14, 2022, (commencement of operations) to June 30, 2022.

# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## 8. Expenses:

The Fund pays all of its operating expenses including, without limitation, expenses relating to registrar and transfer agency fees, accounting, audit and legal fees, bank and interest charges, insurance, safekeeping and custodial fees, operating and administrative costs, fees and expenses, costs of financial reports to investors, costs relating to investor meetings, costs of the prospectus relating to the sale of units of the Fund, costs of the independent review committee, regulatory filing and other fees and brokerage commissions and other portfolio transaction costs. The Fund is generally required to pay HST (and other applicable taxes, if any) at the applicable rate on most expenses that it pays.

Each Series is responsible for the operating expenses that relate to that particular Series and for its proportionate share of the operating expenses that are applicable to all the Series of the applicable Fund. These specific expenses, unique to each Series, are payable from the assets attributed to that Series of the Fund. If the Fund cannot pay the expenses of one series using that series' share of assets, the Fund will have to pay the additional expenses out of other series' share of assets.

The members of the independent review committee may from time to time pay for reasonable expenses incurred in the performance of their duties which may include insurance premiums, travel expenses and reasonable out-of-pocket expenses.

For the period ended June 30, 2022, the expenses reimbursed by the Manager were \$99,848, of which \$56,391 was receivable as of June 30, 2022.

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the period from January 14, 2022, (commencement of operations) to June 30, 2022, is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units per series	Weighted average of redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
<b>June 30, 2022</b>			
Series F	\$ 1,226	25,643	\$ 0.05
Series N	25,640	110,394	0.23
Series O	132	1,000	0.13
Series P	(3,258)	7,709	(0.42)
Series UN	625	17,312	0.04

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# TRUX EXOGENOUS RISK POOL

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period from January 14, 2022 (commencement of operations) to June 30, 2022 (Unaudited)

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## **10. Income taxes:**

The Fund qualifies as a Mutual Fund trust under the provisions of the Income Tax Act (Canada), and accordingly, is not subject to tax on its net taxable income, including net realized capital gains, that is paid or payable to its Unitholders as at the end of the taxation year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable is subject to income tax. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax under Part I of the Income Tax Act (Canada). As a result, the Fund does not record income taxes.

The Fund is subject to withholding taxes on foreign income at the prescribed rate on investment income and capital gains. Income that is subject to withholding taxes is recorded gross of withholding taxes, and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

## **11. Investment in unconsolidated structured entities:**

The Fund does not consolidate investments in exchange-traded funds because the Fund does not have an ability to influence the activities of these funds or the returns it receives from investing in these funds. Please refer to the Schedule of Investment Portfolio for investments in structured entities.