



Annual Financial Statements

for the financial year ended August 31, 2023

Statement of Financial Position (in 000s, except per unit amounts)

As at August 31, 2023 (note 1)

	August 31, 2023		August 31, 2022
Assets			
Current assets			
Investments - long (non-derivative financial assets) (notes 2 and 3)	\$ 14,434	\$	-
Cash including foreign currency holdings, at fair value	806		150
Interest receivable	108		-
Receivable for portfolio securities sold	2,979		-
Total Assets	18,327		150
Liabilities			
Current liabilities			
Investments - short (non-derivative financial assets) (notes 2 and 3)	2,404		-
Payable for portfolio securities purchased	3,632		-
Other accrued expenses	16		-
Distributions payable to holders of redeemable units	1		-
Interest payable on investments sold short	5		-
Total Liabilities	6,058		-
Net Assets Attributable to Holders of Redeemable Units (note 6)	\$ 12,269	\$	150
Net Assets Attributable to Holders of Redeemable Units per Series			
Series A	\$ 10,920	\$	150
Series F	\$ 430		n/a
Series O	\$ -		n/a
Series S	\$ 919		n/a
Net Assets Attributable to Holders of Redeemable Units per Unit (note 6)			
Series A	\$ 10.17	\$	10.00
Series F	\$ 10.16		n/a
Series O	\$ 10.38		n/a
Series S	\$ 10.38		n/a

Organization of the Fund (note 1)

The Fund was established on June 3, 2022 (referred to as *Date Established*).

	Inception Date
Series A	June 3, 2022
Series F	November 21, 2022
Series O	November 21, 2022
Series S	November 21, 2022

CIBC Alternative Credit Strategy

Statement of Comprehensive Income (in 000s, except per unit amounts)

For the period ended August 31, 2023 (note 1)

	August 31, 2023	August 31, 2022
Net Gain (Loss) on Financial Instruments		
Interest for distribution purposes	\$ 572	\$ -
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments and derivatives	269	-
Net change in unrealized appreciation (depreciation) of investments and derivatives	141	-
Net Gain (Loss) on Financial Instruments	982	-
Expenses (note 7)		
Management fees $\pm\pm$	113	-
Fixed administration fees $\pm\pm\pm$	15	-
Independent review committee fees	-	-
Interest expense on investments sold short	259	-
Transaction costs	-	-
	387	-
Expenses waived/absorbed by the Manager	-	-
	387	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units (excluding distributions)	595	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series (excluding distributions)		
Series A	\$ 569	\$ -
Series F	\$ 24	n/a
Series O	\$ -	n/a
Series S	\$ 2	n/a
Average Number of Units Outstanding for the Period per Series		
Series A	1,039	-
Series F	51	n/a
Series O	-	n/a
Series S	34	n/a
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit (excluding distributions)		
Series A	\$ 0.55	\$ -
Series F	\$ 0.48	n/a
Series O	\$ 0.38	n/a
Series S	\$ 0.06	n/a

$\pm\pm$ Maximum Chargeable Annual Management Fee Rates (note 7)

Series A	1.20%
Series F	0.70%
Series O	n/a
Series S	0.70%

$\pm\pm\pm$ Fixed Administration Fee (note 7)

Series A	0.15%
Series F	0.15%
Series O	n/a
Series S	0.15%

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

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(in 000s)**

For the period ended August 31, 2023 (note 1)

	Series A Units		Series F Units		Series O Units		Series S Units	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units (excluding distributions)	\$ 569	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ 2	\$ -
Distributions Paid or Payable to Holders of Redeemable Units								
From net investment income	(371)	-	(20)	-	-	-	(1)	-
From net realized capital gains	(17)	-	-	-	-	-	-	-
	(388)	-	(20)	-	-	-	(1)	-
Redeemable Unit Transactions								
Amount received from the issuance of units	10,217	150	719	-	-	-	917	-
Amount received from reinvestment of distributions	387	-	15	-	-	-	1	-
Amount paid on redemptions of units	(15)	-	(308)	-	-	-	-	-
	10,589	150	426	-	-	-	918	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	10,770	150	430	-	-	-	919	-
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period	150	-	-	-	-	-	-	-
Net Assets Attributable to Holders of Redeemable Units at End of Period	\$ 10,920	\$ 150	\$ 430	\$ -	\$ -	\$ -	\$ 919	\$ -

Redeemable Units Issued and Outstanding (note 6)

As at August 31, 2023 and 2022

Balance - beginning of period	15	-	-	-	-	-	-	-
Redeemable units issued	1,022	15	71	-	-	-	89	-
Redeemable units issued on reinvestments	38	-	2	-	-	-	-	-
	1,075	15	73	-	-	-	89	-
Redeemable units redeemed	(2)	-	(31)	-	-	-	-	-
Balance - end of period	1,073	15	42	-	-	-	89	-

**Statement of Cash Flows
(in 000s)**

For the period ended August 31, 2023 (note 1)

	August 31, 2023	August 31, 2022
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations (excluding distributions)	\$ 595	\$ -
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(269)	-
Net change in unrealized (appreciation) depreciation of investments and derivatives	(141)	-
Purchase of investments	(236,130)	-
Proceeds from the sale of investments	225,163	-
Interest receivable	(108)	-
Interest payable on investments sold short	5	-
Other accrued expenses and liabilities	16	-
	(10,869)	-
Cash Flows from Financing Activities		
Amount received from the issuance of units	11,853	150
Amount paid on redemptions of units	(323)	-
Distributions paid to unitholders	(5)	-
	11,525	150
Increase (Decrease) in Cash during the Period	656	150
Foreign Exchange Loss (Gain) on Cash	-	-
Cash (Bank Overdraft) at Beginning of Period	150	-
Cash (Bank Overdraft) at End of Period	\$ 806	\$ 150
Interest received	\$ 464	\$ -
Interest paid on investments sold short	264	-

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

CIBC Alternative Credit Strategy

Schedule of Investment Portfolio As at August 31, 2023

Security	Coupon Rate (%)	Maturity Date	Additional Details	Par Value	Average Cost (\$000s)	Fair Value (\$000s)	% of Net Assets
CANADIAN BONDS - LONG POSITIONS							
Corporate							
AltaGas Ltd.	2.16%	2025/06/10	Callable	700,000	658	658	
Chartwell Retirement Residences	3.79%	2023/12/11	Callable	750,000	730	744	
Daimler Trucks Finance Canada Inc.	2.14%	2024/12/13		1,050,000	998	1,002	
First Capital REIT	3.90%	2023/10/30	Series 'Q', Callable	500,000	488	499	
Ford Credit Canada Co.	3.50%	2023/11/30		300,000	291	298	
Inter Pipeline Ltd.	2.73%	2024/04/18	Callable	1,000,000	975	981	
North West Redwater Partnership / NWR Financing Co. Ltd.	3.20%	2024/07/22	Series 'A', Callable	860,000	841	842	
Original Wempi Inc.	4.31%	2024/02/13	Series 'B1', Callable	1,000,000	975	987	
Primaris REIT	5.93%	2028/03/29	Callable	500,000	499	489	
RioCan REIT	1.97%	2026/06/15	Series 'AD', Callable	1,000,000	881	898	
Royal Bank of Canada	2.61%	2024/11/01		1,030,000	988	994	
Toronto-Dominion Bank (The)	2.50%	2024/12/02		1,000,000	955	962	
TransCanada Pipelines Ltd.	6.18%	2026/03/10	Callable	1,000,000	1,000	1,002	
					10,279	10,356	84.4%
TOTAL CANADIAN BONDS - LONG POSITION							
INTERNATIONAL BONDS - LONG POSITIONS							
United States							
AT&T Inc.	2.85%	2024/05/25	Callable	1,000,000	977	980	
Athene Global Funding	1.25%	2024/04/09		1,000,000	945	971	
Wells Fargo & Co.	2.57%	2026/05/01	Variable Rate, Callable	1,100,000	1,034	1,041	
					2,956	2,992	24.4%
TOTAL INTERNATIONAL BONDS - LONG POSITION							
REVERSE REPURCHASE AGREEMENTS							
Government of Canada			Reverse Repurchase Agreement dated 2023/09/27	750,000	672	672	
Government of Canada	1.00%	2027/06/01					
Government of Canada	2.00%	2028/06/01	Reverse Repurchase Agreement dated 2023/09/27	450,000	414	414	
					1,086	1,086	8.9%
TOTAL REVERSE REPURCHASE AGREEMENTS							
TOTAL BONDS AND REVERSE REPURCHASE AGREEMENTS - LONG POSITIONS							
					14,321	14,434	117.7%
CANADIAN BONDS - SHORT POSITIONS							
Government of Canada & Guaranteed							
Government of Canada	1.00%	2027/06/01		(750,000)	(687)	(674)	
Government of Canada	2.00%	2028/06/01		(450,000)	(430)	(415)	
					(1,117)	(1,089)	(8.8)%
TOTAL CANADIAN BONDS - SHORT POSITIONS							
					(1,117)	(1,089)	(8.8)%
REPURCHASE AGREEMENTS							
Primaris REIT			Callable, Repurchase Agreement dated 2023/09/27	(500,000)	(463)	(463)	
RioCan REIT	5.93%	2028/03/29					
RioCan REIT	1.97%	2026/06/15	Series 'AD', Callable, Repurchase Agreement dated 2023/09/27	(1,000,000)	(852)	(852)	
					(1,315)	(1,315)	(10.8)%
TOTAL REPURCHASE AGREEMENTS							
TOTAL BONDS AND REPURCHASE AGREEMENTS - SHORT POSITIONS							
					(2,432)	(2,404)	(19.6)%
Less: Transaction costs included in average cost							
					–		
TOTAL INVESTMENTS							
					11,889	12,030	98.1%
Other Assets, less Liabilities							
						239	1.9%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS							
						12,269	100.0%

Supplemental Schedule to Schedule of Investment Portfolio

Offsetting Arrangements (note 2d)

The Fund may enter into various master netting arrangements or other 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 set off in certain circumstances, such as bankruptcy or the termination of the contracts.

As at August 31, 2023 the Fund did not enter into any arrangements whereby the financial instruments were eligible for offset.

Interests in Underlying Funds (note 4)

As at August 31, 2023 the Fund had no investments in underlying funds where the ownership exceeded 20% of each underlying fund.

Leverage (note 5)

Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. Exposure equals the total of the following:

- i) the outstanding indebtedness under any borrowing agreements;
- ii) the aggregate market value of all securities sold short; and
- iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

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

CIBC Alternative Credit Strategy

The following table presents the Fund's lowest and highest point levels of aggregate exposure to the sources of leverage and the date upon when those levels were reached during the periods ended August 31, 2023 and 2022.

	August 31, 2023		August 31, 2022	
	% of Net Assets	Date of Occurrence	% of Net Assets	Date of Occurrence
Maximum leverage	252.9%	December 20, 2022	0.0%	August 31, 2022
Minimum leverage	0.0%	September 1, 2022	0.0%	August 31, 2022

During the annual period ending August 31, 2023, the low end of the range occurred at the time of the Fund's launch, when its trading strategies were not yet implemented. The high end of the range was reached when the Fund deployed a greater use of leverage to achieve its target risk-return objectives. The Fund's short selling and use of repurchase agreements provided the only source of leverage during the annual period ended August 31, 2023.

During the period ending August 31, 2022, the Fund did not utilize leverage as part of its investment strategy.

Financial Instrument Risks

Investment Objective: CIBC Alternative Credit Strategy (referred to as the *Fund*) seeks to provide a positive total net return over a full market cycle, regardless of general market direction, by investing primarily in long and short positions in North American corporate and government fixed-income securities. The Fund may engage in physical short sales, borrowing and/or derivatives for investment purposes.

Investment Strategies: The Fund uses both long and short positioning in a variety of corporate and government instruments. Strategies based on both fundamental credit and macroeconomic views of the portfolio advisor as well as systematic strategies may be used to generate positions in credit risk premiums using leverage. Other strategies may include long-short positions within an individual issuer's debt capital structure. The portfolio advisor will employ fundamental credit analysis in selecting fund holdings with the flexibility to take advantage of relative value opportunities that exist in the global fixed income market.

Significant risks that are relevant to the Fund are discussed here. General information on risk management and specific discussion on concentration, credit, currency, interest rate, liquidity, and other price/market risk can be found in note 2 of the financial statements.

In the following risk tables, Net Assets is defined as meaning "Net assets attributable to holders of redeemable units".

Concentration Risk as at August 31, 2023 and 2022

The Schedule of Investment Portfolio presents the securities held by the Fund as at August 31, 2023. The Concentration Risk table as at August 31, 2022 is not presented because the Fund did not exist as at that date.

Credit Risk

Credit ratings represent a consolidation of the ratings provided by various outside service providers and are subject to change, which could be material.

See the Schedule of Investment Portfolio for counterparties related to over-the-counter derivative contracts, where applicable.

As at August 31, 2023, the Fund invested in debt securities with the following credit ratings:

Debt Securities by Credit Rating (note 2b)	% of Net Assets
	August 31, 2023
'A'	31.9
'BBB'	63.8
Below 'BBB'	2.4
Total	98.1

Currency Risk

As at August 31, 2023, the Fund did not have a significant exposure to currency risk.

Interest Rate Risk

The Fund's short-term assets and liabilities were not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

As at August 31, 2022, the Fund was not exposed to interest rate risk. The table that follows indicates the Fund's exposure to fixed income securities by remaining term-to-maturity.

Remaining Term-to-Maturity	August 31, 2023 (\$000s)
Less than 1 year	6,301
1-3 years	5,706
3-5 years	23
Total	12,030

The table that follows indicates how net assets as at August 31, 2023 would have increased or decreased had the interest rate decreased or increased by 25 basis points and assuming a parallel shift in the yield curve. This change is estimated using the weighted average duration of the fixed income portfolio. This analysis assumes that all other variables remain unchanged. In practice, actual results may differ from this analysis and the difference could be material.

	August 31, 2023
Impact on Net Assets (\$000s)	27

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 of redeemable units. The Fund maintains sufficient cash on hand to fund anticipated redemptions.

With the exception of derivative contracts, where applicable, all of the Fund's financial liabilities are short-term liabilities maturing within 90 days after the period end.

For Funds that hold derivative contracts with a term-to-maturity that exceeds 90 days from the period end, further information related to those contracts can be referenced in the derivative schedules following the Schedule of Investment Portfolio.

Other Price/Market Risk

The table that follows indicates how net assets as at August 31, 2023 would have increased or decreased had the value of the Fund's benchmark(s) increased or decreased by 1%. This change is estimated based on the historical correlation between the return of Series A units of the Fund as compared to the return of the Fund's benchmark(s), using 13 monthly data points, as available, based on the monthly net returns of the Fund. This analysis assumes that all other variables remain unchanged. The historical correlation may not be representative of the future correlation and, accordingly, the impact on net assets could be materially different.

Benchmark(s)	Impact on Net Assets (\$000s) August 31, 2023
FTSE Canada All Corporate Bond Index	21

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

CIBC Alternative Credit Strategy

Fair Value Measurement of Financial Instruments

The following is a summary of the inputs used as at August 31, 2023 in valuing the Fund's financial assets and financial liabilities, carried at fair value:

As at August 31, 2023

Classification	Level 1 (i) (\$000s)	Level 2 (ii) (\$000s)	Level 3 (iii) (\$000s)	Total (\$000s)
Financial Assets				
Fixed Income Securities - long	–	13,348	–	13,348
Reverse Repurchase Agreements	–	1,086	–	1,086
Total Financial Assets	–	14,434	–	14,434
Financial Liabilities				
Fixed Income Securities - short	–	(1,089)	–	(1,089)
Repurchase Agreements	–	(1,315)	–	(1,315)
Total Financial Liabilities	–	(2,404)	–	(2,404)
Total Financial Assets and Liabilities	–	12,030	–	12,030

(i) Quoted prices in active markets for identical assets

(ii) Significant other observable inputs

(iii) Significant unobservable inputs

Transfer of assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market.

For the period ended August 31, 2023, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market.

For the period ended August 31, 2023, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

Reconciliation of financial asset and liability movement - Level 3

The Fund did not hold any Level 3 investments at the beginning of, during, or at the end of the reporting period.

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

Notes to Financial Statements

As at and for the periods as disclosed in the financial statements (see note 1)

1. CIBC Alternative Mutual Funds — Organization of the Funds and Financial Reporting Periods

The CIBC Alternative Mutual Funds (referred to individually as, a *Fund*, and collectively, as the *Funds*) consist of CIBC Multi-Asset Absolute Return Strategy and CIBC Alternative Credit Strategy.

The CIBC Multi-Asset Absolute Return Strategy is a mutual fund trust and the CIBC Alternative Credit Strategy is a unit trust, organized under the laws of Ontario and governed by a declaration of trust (referred to as the *Declaration of Trust*). The address of the Funds' head office is 81 Bay Street, 20th Floor, CIBC Square, Toronto, Ontario, M5J 0E7.

The Funds are managed by CIBC Asset Management Inc. (referred to as the *Manager*). The Manager is also the trustee, portfolio advisor, and registrar and transfer agent of the Funds.

The Funds have issued four series of units and each series can issue an unlimited number of units. The Funds currently offers Series A, Series F, Series S and Series O units for sale.

Each series of units may charge a different management fee and fixed administration fee and as a result, a separate net asset value per unit is calculated for each series of units.

Series A units are available to all investors for purchase, subject to certain minimum initial investment requirements.

Series F units are available, subject to the minimum investment requirement, to investors participating in programs such as clients of "fee-for-service" investment advisors, dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer, and to investors who have accounts with a discount broker (provided the discount broker offers Series F units on its platform). Instead of paying a sales charge, investors purchasing Series F units may pay fees to their dealer or discount broker for their services. We do not pay a trailing commission in respect of Series F units, allowing us to charge a lower annual management fee.

Series S units are only available for purchase by mutual funds, asset allocation services or discretionary managed accounts offered by the Manager or its affiliates. The Manager reserves the right to fix a minimum initial and additional investment amount for purchases of Series S Units at any time as part of the criteria for approval. No sales charge is payable on the purchase of Series S units.

Series O Units are available to certain investors, as determined by the Manager in its discretion, including:

- Institutional investors or segregated funds that use a fund-of-fund structure and other qualified investors who have entered into a Series O unit account agreement with the Manager;
- Investors whose dealer or discretionary manager offers separately managed accounts or similar programs and whose dealer or discretionary manager has entered into a Series O unit account agreement with the Manager; and
- Mutual funds managed by the Manager or an affiliate that use a fund-of-fund structure.

The Manager reserves the right to fix a minimum initial and additional investment amount for purchases of Series O units at any time as part of the criteria for approval. No management fees are charged in respect of Series O units; instead, a negotiated management fee is charged by the Manager directly to, or as directed by, Series O unitholders. No sales charges are payable on the purchase of Series O units.

The date upon which the Funds were established by Declaration of Trust (referred to as the *Date Established*) and the date upon which each series of units of the Funds were first sold to the public (referred to as the *Inception Date*) are reported in footnote *Organization of the Fund* on the Statements of Financial Position.

The Schedule of Investment Portfolio of the Funds are as at August 31, 2023. The Statements of Financial Position are as at August 31, 2023 and August 31, 2022. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are for the years ended August 31, 2023 and 2022.

These financial statements were approved for issuance by the Manager on November 1, 2023.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as *IFRS*) as published by the International Accounting Standards Board (referred to as the *IASB*).

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, each Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with International Financial Reporting Standards (referred to as *IFRS*). Accordingly, each Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the net asset value for transactions with unitholders. In applying IFRS, these financial statements include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. However, existing circumstances and assumptions may change due to market changes or circumstances arising beyond the control of the Funds. Such changes are reflected in the assumptions when they occur.

These financial statements have been presented in Canadian dollars, which is the Funds' functional currency.

a) Financial Instruments

Classification and recognition of financial instruments

In accordance with IFRS 9 *Financial Instruments*, financial assets are to be classified at initial recognition into one of the below categories based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Those categories are:

- *Amortized Cost* - Financial assets held within a business model whose objective is to collect cash flows and where the contractual cash flows of the assets are solely payments of principal and interest (referred to as *SPPI criterion*). Amortization of the asset is calculated utilizing the Effective Interest Rate Method.
- *Fair Value Through Other Comprehensive Income* (referred to as *FVOCI*) - Financial assets such as debt instruments that meet the SPPI criterion and are held within a business model with objectives that include both collecting the associated contractual cash flows and selling financial assets. Gains and losses are reclassified to Profit or Loss upon de-recognition for debt instruments but remain in Other Comprehensive Income for equity instruments.
- *Fair Value Through Profit or Loss* (referred to as *FVTPL*) - A financial asset is measured at FVTPL unless it is measured at Amortized Cost or FVOCI. Derivative contracts are measured at FVTPL. For all instruments classified as FVTPL, the gains and losses are recognized in Profit or Loss.

Financial liabilities are classified at FVTPL when they meet the definition of held-for-trading or when they are designated as FVTPL on initial recognition using the fair value option.

The Manager has assessed the business model of the Funds and has determined that the Funds' portfolio of financial assets and financial liabilities are managed and performance is evaluated on a fair value basis in accordance with the Funds' risk management and investment strategies; therefore, classification and measurement of financial assets is FVTPL.

The Funds have a contractual obligation to distribute cash to the unitholders. As a result, the Funds' obligation for net assets attributable to holders of redeemable units represents a financial liability and is presented at the redemption amount.

b) Risk Management

The Funds' overall risk management approach includes formal guidelines that govern the extent of exposure to various types of risk, including diversification within asset classes and limits on the exposure to individual investments and counterparties. In addition, derivative financial instruments may be used to manage certain risk exposures. The Manager also has various internal controls to oversee the Funds' investment activities, including monitoring compliance with the investment objectives and strategies, internal guidelines, and securities regulations. Please refer to the Funds' *Supplemental Schedule to Schedule of Investment Portfolio* for specific risk disclosures.

Fair value of financial instruments

Financial instruments are valued at their fair value, which is defined as 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. Refer to notes 3a to 3f for valuation of each specific type of financial instruments held by the Funds. The fair value 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 Funds use 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.

For financial assets and financial liabilities that are not traded in an active market, fair value is determined using valuation techniques. The Funds classify fair value measurement within a hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (referred to as *Level 1*) and the lowest priority to unobservable inputs (referred to as *Level 3*). The three levels of the fair value hierarchy are:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable for the asset or liability.

If inputs are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The Funds' fair value hierarchy classification of its assets and liabilities is included in the *Supplemental Schedule to Schedule of Investment Portfolio*.

The carrying values of all non-investment assets and liabilities approximate their fair values due to their short-term nature. 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.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Funds, including the Level 3 measurements. The Manager obtains pricing from third-party pricing vendors and the pricing is reviewed daily. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements. The Funds also have a Valuation Committee, which meets quarterly to perform detailed reviews of the valuations of investments held by the Funds, which includes discussion on Level 3 measurements.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument, such as a fixed income security or a derivative contract, will fail to discharge an obligation or commitment that it has entered into with a Fund. The value of fixed income securities and derivatives as presented on the Schedule of Investment Portfolio includes consideration of the creditworthiness of the issuer and, accordingly, represents the maximum credit risk exposure of the Fund.

The Funds may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low and these securities primarily have credit ratings of "A-1 (Low)" or higher (as rated by S&P Global Ratings, a division of S&P Global, or equivalent rating from another rating service).

The bond ratings noted in the Funds' "Financial Instruments Risk" under sub-section "Credit Risk" represent ratings collected and disseminated by recognized third-party vendors. These ratings utilized by the Manager, while obtained from vendors skilled and recognized for bond rating services, may not be the same as those used directly by the portfolio advisor. Ratings used by the portfolio advisor could be higher or lower than those used for risk disclosure in the financial statements in compliance with their investment policy guidelines.

The Funds may engage in securities lending transactions. The credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Fund in connection with these transactions is at least 102% of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. Further information regarding the collateral and securities on loan can be found in the footnotes to the Statement of Financial Position and in note 2m.

Currency risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. This is because the Funds may invest in securities denominated or traded in currencies other than a Funds' reporting currency.

Interest rate risk

Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. This risk is known as interest rate risk. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates.

Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. Generally, the Funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of the Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or lower return for the Fund.

Other price/market risk

Other price/market risk is the risk that the value of investments will fluctuate as a result of changes in market conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events, such as pandemics or disasters, which occur naturally or are exacerbated by climate change. Pandemics such as the coronavirus disease 2019 (referred to as COVID-19) may adversely affect global markets and the performance of the Fund. All investments are exposed to other price/market risk.

Russian Federation-Ukraine Conflict

The escalating conflict between the Russian Federation and Ukraine has resulted in significant volatility and uncertainty in financial markets. NATO, EU and G7 member countries, including Canada, have imposed severe and coordinated sanctions against Russia. Restrictive measures have also been imposed by Russia. These actions have resulted in significant disruptions to investing activities and businesses with operations in Russia and certain securities have become illiquid and/or have materially declined in value. The longer-term impact to geopolitical norms, supply chains and investment valuations is uncertain.

As at August 31, 2023, the Funds had either no exposure or an exposure of less than 1% of their net assets to Russian securities. It is unclear what further actions may be taken by governments and the resulting impact on global economies, businesses and financial markets. While the situation remains fluid, the Manager continues to monitor ongoing developments and the impact to investment strategies.

c) Investment Transactions, Income Recognition, and Recognition of Realized and Unrealized Gains and Losses

- i) Each transaction of purchase or sale of a portfolio asset by the Fund is reflected in the net assets no later than the first computation of net assets made after the date on which the transaction becomes binding upon the Fund.
- ii) Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds, which are amortized on a straight-line basis.
- iii) Dividend income is recorded on the ex-dividend date.

Notes to Financial Statements

- iv) Security transactions are recorded on a trade date basis. Securities that are exchange-traded are recorded at fair value established by the last traded market price when that price falls within that day's bid-ask spread. Debt securities are recorded at fair value, established by the last traded price on the Over-the-Counter (referred to as *OTC*) market when that 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 recorded at fair value using fair valuation techniques established by the Manager in establishing a fair value.
- v) Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost, excluding transaction costs, of the related investments.
- vi) Investment income is the sum of income paid to the Funds that are generated from the Funds' investment fund holdings.
- vii) Other income is the sum of income, excluding transaction costs, other than that which is separately classified on the Statements of Comprehensive Income.

d) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position if there is a currently enforceable legal 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.

Where applicable, additional information can be found in the table *Offsetting Arrangements* as part of the *Supplemental Schedule to Schedule of Investment Portfolio*. This supplemental schedule discloses the *OTC* derivatives, which are subject to offsetting.

e) Portfolio Securities

The cost of securities of the Funds are determined in the following manner. Securities are purchased and sold at a market-traded price to arrive at a value for the position traded. The total purchased value represents the total cost of the security to the Fund. When additional units of the same security are purchased, the cost of those additional units is added to the total security cost. When units of the same security are sold, the proportionate cost of the units of the security sold is deducted from the total security cost. If there is a return of capital paid by a security, the amount of this return of capital is deducted from the total security cost. This method of tracking security cost is known as "average cost" and the current total for any one security is referred to as the adjusted cost base or "ACB" of the security. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units and are presented as a separate expense item in the financial statements.

The difference between the fair value of securities and their average cost, excluding transaction costs, represents the unrealized appreciation (depreciation) in value of the portfolio investments. The applicable period change in unrealized appreciation (depreciation) of investments is included on the Statements of Comprehensive Income.

Short-term investments on the Schedule of Investment Portfolio are presented at their amortized cost, which approximates their fair value. Accrued interest for bonds is disclosed separately on the Statements of Financial Position.

f) Foreign Exchange

The value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars, which is the Funds' functional and presentation currency at the current rates prevailing on each Valuation Date.

Purchases and sales of investments, income, and expenses are translated into Canadian dollars, which is the Funds' functional and presentation currency at the foreign exchange rates prevailing on the dates of such transactions. Foreign currency translation gains (losses) on investments and income transactions are included in Net realized gain (loss) on foreign currency and in income, respectively, on the Statements of Comprehensive Income.

g) Forward Foreign Currency Contracts

The Funds may enter into forward foreign currency contracts for either hedging or non-hedging purposes where such activity is consistent with its investment objectives and as permitted by the Canadian securities regulatory authorities.

Changes in the fair value of forward foreign currency contracts are included in derivative assets or derivative liabilities on the Statements of Financial Position and are recorded as an Increase (decrease) in unrealized appreciation (depreciation) of investments and derivatives during the applicable period on the Statements of Comprehensive Income.

The gain or loss arising from the difference between the value of the original forward foreign currency contract and the value of such contract at close or delivery is realized and recorded as Derivative income (loss) for the Funds.

h) Futures Contracts

The Funds may enter into futures contracts for either hedging or non-hedging purposes where such activity is consistent with its investment objectives and as permitted by the Canadian securities regulatory authorities.

The margin deposits with brokers relating to futures contracts are included in Margin on the Statements of Financial Position. Any change in the margin requirement is settled daily and included in Receivable for portfolio securities sold or Payable for portfolio securities purchased on the Statements of Financial Position.

Any difference between the settlement value at the close of business on each Valuation Date and the settlement value at the close of business on the previous Valuation Date is recorded as Derivative income (loss) on the Statements of Comprehensive Income.

i) Options

The Funds may enter into options contracts for either hedging or non-hedging purposes where such activity is consistent with its investment objectives and as permitted by the Canadian securities regulatory authorities.

Premiums paid for purchased call and put options are included in derivative assets and subsequently measured at fair value on the Statements of Financial Position. When a purchased option expires, the Funds will realize a loss in the amount of the cost of the option. For a closing transaction, the Funds will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase.

When a purchased call option is exercised, the cost of the security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included in derivative liabilities and subsequently measured at fair value on the Statements of Financial Position as initial reductions in the value of investments. Premiums received from writing options that expire unexercised are recorded as realized gains and reported as Net gain (loss) on sale of investments and derivatives on the Statements of Comprehensive Income. For a closing transaction, if the cost of closing the transaction exceeds the premium received, the Funds will record a realized loss or, if the premium received at the time the option was written is greater than the amount paid, the Funds will record a realized gain and are reported as Net gain (loss) on sale of investments and derivatives. If a written put option is exercised, the cost for the security delivered is reduced by the premiums received at the time the option was written.

j) Swap Contracts

The Funds may enter into swap contracts for either hedging or non-hedging purposes where such activity is consistent with its investment objectives and as permitted by the Canadian securities regulatory authorities. The Funds can enter into swap contracts either through exchanges that provide clearing and settlement, or with financial institutions referred to as counterparties. The swap contracts with counterparties result in the Funds having a credit exposure to the counterparties or guarantors. With the exception of cleared specified derivatives, the Funds will only enter into swap contracts with counterparties having a designated rating.

The amount to be received (or paid) on the swap contracts is recognized as Derivative asset or Derivative liability on the Statements of Financial Position over the life of the contracts. Unrealized gains are reported as an asset and unrealized losses are reported as a liability on the Statements of Financial Position. A realized gain or loss is recorded upon early or partial termination and upon maturity of the swap contracts and is recorded as Derivative income (loss). Changes in the amount to be received (or paid) on the swap contract are recorded as Net change in unrealized appreciation (depreciation) of investments and derivatives on the Statements of Comprehensive Income. Details of swap contracts open at period end are included with the Funds' Schedule of Investment Portfolio under the caption Schedule of Derivative Assets and Liabilities - Swap Contracts

k) Short Selling and Borrowing Fees

The Funds may engage in short selling transactions. In a short selling strategy, the portfolio advisor identifies securities that it expects will fall in value. The Fund then borrows securities from a custodian or dealer (referred to as the *Borrowing Agent*) and sells them in the open market. The Fund must repurchase the securities at a later date in order to return them to the Borrowing Agent. In the interim, the proceeds from the short sale transaction are deposited with the Borrowing Agent and the Fund pays interest to the Borrowing Agent on the borrowed securities. If the Fund repurchases the securities later at a lower price than the price at which it sold the borrowed securities on the open market, a profit will result. However, if the price of the borrowed securities rises, a loss will result. Gains and losses realized on the short selling of securities are included in the Statements of Comprehensive Income as Net realized gain (loss) on sale of investments and derivatives. Where applicable, dividends and interest paid on the short selling of securities are included in the Statements of Comprehensive Income as Dividend expense on investments sold short and Interest expense on investments sold short, respectively.

l) Repurchase and Reverse Repurchase Agreements

The Funds may enter into Repurchase Agreements (referred to as *repos*) and, or Reverse Repurchase Agreements (referred to as *reverse repos*).

In repo transactions, securities are sold by the Fund to a counterparty and the Fund agrees to repurchase the securities from the counterparty at a higher price at a specified future date. The difference in price is reported as interest expense. Credit risk arises from the potential for a counterparty to default on its obligation to sell the security. The risk is managed by the use of counterparties acceptable to the Manager and by the receipt of the cash as collateral. The value of the collateral must be at least 102% of the daily market value of the securities sold. Any repo agreements open at period end are included in the Schedule of Investment Portfolio.

In reverse repo transactions, securities are purchased from a counterparty who agrees to repurchase the securities at a higher price at a specified future date. The difference in price is reported as interest income. Credit risk arises from the potential for a counterparty to default on its obligation to repurchase the security. The risk is managed by the use of counterparties acceptable to the Manager and by the receipt of the securities as collateral. The value of the collateral must be at least 102% of the daily market value of the cash invested. Any reverse repo agreements open at period end are included in the Schedule of Investment Portfolio.

m) Securities Lending

The Funds may lend portfolio securities in order to earn additional revenue, which is disclosed on the Statements of Comprehensive Income. The loaned assets of the Fund are not permitted to exceed 50% of the fair value of the assets of the Fund (excluding collateral debt for the loaned securities). The minimum allowable collateral is 102% of the market value of the loaned securities as per the requirements of National Instrument 81-102 *Investment Funds*. Collateral can consist of the following:

- i) Cash;
- ii) Qualified securities;
- iii) Irrevocable letters of credit issued by a Canadian financial institution that is not the counterparty, or an affiliate counterparty, of the Fund in the transaction, if evidences of indebtedness of the Canadian financial institution that are rated as short-term debt by a designated credit rating organization, or its designated rating organization affiliate, have a designated rating; and
- iv) Securities that are immediately convertible into, or exchangeable for, securities of the same issuer, class, or type, and the same term, as the securities loaned.

The fair value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Fund on the next business day. The securities on loan continue to be included on the Schedule of Investment Portfolio and are included in the total value on the Statements of Financial Position in Investments (non-derivative financial assets) at fair value. Where applicable, the Funds' securities lending transactions are reported in footnote Securities Lending on the Statements of Financial Position.

National Instrument 81-106 – Investment Fund Continuous Disclosure requires a reconciliation of the gross income amount generated from the securities lending transactions of the Fund to the revenue from securities lending disclosed in the Fund's Statements of Comprehensive Income. The gross amount generated from securities lending includes interest paid on collateral, withholding taxes deducted, the fees paid to the Fund's lending agent and the securities lending revenue received by the Fund. Where applicable, the reconciliation can be found in the footnotes to the Funds' Statements of Comprehensive Income.

n) Multi-Series Structured Funds

The Funds have issued four series of units. The realized and unrealized capital gains or capital losses, income, and common expenses (other than fixed administration fees and management fees) of the Fund is allocated on each Valuation Date to the unitholders in proportion to the respective prior day's net asset value, which includes unitholder trade(s) dated for that day, of each series of units at the date on which the allocation is made. Fixed administration fees and management fees do not require allocation. All operating expenses (except fund costs) are paid by the Manager in respect of Series A, Series F and Series S in exchange for the Fund paying a Fixed Administration Fee with respect to those series. The Funds do not pay a Fixed Administration Fee in respect of Series O units. The Manager pays the Funds' operating expenses that are not fund costs allocated to Series O units of the Funds.

o) Loans and Receivables, Other Assets and Liabilities

Loans and receivables, other assets and liabilities are recorded at amortized cost, which approximates their fair value with the exception of net assets attributable to holders of redeemable units, which are presented at the redemption value.

Notes to Financial Statements

p) Legend for Abbreviations

The following is a list of abbreviations (referred to as *foreign currency translation and others*) that may be used in the Schedule of Investment Portfolio:

Currency Abbreviations		Other Abbreviations			
AUD	– Australian Dollar	ADR	– American Depositary Receipt	iUnits	– Index Units Securities
BRL	– Brazilian Real	ADC	– Austrian Depositary Certificates	LEPOs	– Low Exercise Price Options
CAD	– Canadian Dollar	CVO	– Contingent Value Obligations International	MSCI	– Morgan Stanley Capital Index
CHF	– Swiss Franc	ETF	– Exchange-Traded Fund	OPALS	– Optimized Portfolios as Listed
CLP	– Chilean Peso	GDR	– Global Depositary Receipt Securities	PERLES	– Performance Linked to Equity
CNY	– Chinese Renminbi	IPN	– International Participation Note	REIT	– Real Estate Investment Trust
CZK	– Czech Koruna	iShares	– Index Shares	SDR	– Swedish Depositary Receipt
DKK	– Danish Krone				
EUR	– Euro				
GBP	– British Pound				
HKD	– Hong Kong Dollar				
HUF	– Hungarian Forint				
IDR	– Indonesian Rupiah				
INR	– Indian Rupee				
JPY	– Japanese Yen				
COP	– Colombian Peso				
KRW	– South Korean Won				
MXN	– Mexican Peso				
MYR	– Malaysian Ringgit				
NOK	– Norwegian Krone				
NZD	– New Zealand Dollar				
PHP	– Philippine Peso				
PLN	– Polish Zloty				
RUB	– Russian Ruble				
SEK	– Swedish Krona				
SGD	– Singapore Dollar				
THB	– Thai Baht				
TRY	– New Turkish Lira				
TWD	– Taiwan Dollar				
USD	– United States Dollar				
ILS	– Israeli Shekel				
ZAR	– South African Rand				

q) 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 of each series is calculated by dividing the Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions), as reported in the Statement of Comprehensive Income, by the weighted average number of units in issue during the related period.

3. Valuation of Investments

The valuation date for the Fund is any day when the Manager's head office is open for business (referred to as *Valuation Date*). The Manager may, at its discretion, establish other Valuation Dates. The value of the investments or assets of the Fund is determined as follows:

a) Cash and Other Assets

Cash, accounts receivable, dividends receivable, distributions receivable, and interest receivable are valued at fair value or at their recorded cost, plus or minus any foreign exchange between recognition of the asset by the Fund and the current Valuation Date, which approximates fair value.

Short-term investments (money market instruments) are valued at fair value.

b) Bonds, Debentures, and Other Debt Obligations

Bonds, debentures, and other debt obligations are fair valued using the last traded price provided by a recognized vendor upon the close of trading on a Valuation Date, whereby the last traded price falls within that day's bid-ask spread. If the last traded price does not fall within that day's bid-ask spread, then the Manager will determine the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

c) Listed Securities, Unlisted Securities, and Fair Value Pricing of Foreign Securities

Any security that is listed or traded on a securities exchange is fair valued using the last traded price, whereby the last traded price falls within that day's bid-ask spread or, if there is no traded price on that exchange or the last traded price does not fall within that day's bid-ask spread and in the case of securities traded on an OTC market, at the fair value as determined by the Manager as an appropriate basis for valuation. In such situations, a fair value will be determined by the Manager to establish current value. If any securities are inter-listed or traded on more than one exchange or market, the Manager will use the principal exchange or market for the fair value of such securities.

Units of each mutual fund in which the Funds invest will be valued at fair value using the most recent net asset value quoted by the trustee or manager of the mutual fund on the Valuation Date.

Unlisted securities are fair valued using the last traded price quoted by a recognized dealer, or the Manager may determine a price that more accurately reflects the fair value of these securities if the Manager feels the last traded price does not reflect fair value.

Fair value pricing is designed to avoid stale prices and to provide a more accurate fair value, and may assist in the deterrence of harmful short-term or excessive trading in the Fund. When securities listed or traded on markets or exchanges that close prior to North or South American markets or exchanges are valued by the Manager at their fair market value, instead of using quoted or published prices, the prices of such securities used to calculate the Funds' net assets or net asset value may differ from quoted or published prices of such securities.

d) Derivatives

Long positions in options, debt-like securities, and listed warrants are fair valued using the last traded price as established on either their principal trading exchange or by a recognized dealer in such securities, whereby the last traded price falls within that day's bid-ask spread and the credit rating of each counterparty (as rated by S&P Global Ratings, a division of S&P Global) meets or exceeds the minimum designated rating.

When any option is written by the Funds, the premium received by the Funds will be reflected as a liability that will be valued at an amount equal to the current value of the option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the liability shall be deducted in arriving at the net assets attributable to holders of redeemable units of the Funds. The securities that are the subject of a written option, if any, will be valued in the manner described above for listed securities.

Futures contracts, forward contracts, or swaps will be valued at fair value of the gain or loss, if any, that would be realized on the Valuation Date if the position in the futures contracts, forward contracts, or swaps were to be closed out.

Margin paid or deposited in respect of swaps and forward contracts will be reflected as an account receivable and margin consisting of assets other than cash will be noted as held as collateral.

Other derivatives and margin are fair valued in a manner that the Manager determines to represent their fair value.

e) Restricted Securities

Restricted securities purchased by the Funds will be fair valued in a manner that the Manager determines to represent their fair value.

f) Other Securities

All other investments of the Funds will be fair valued in accordance with the laws of the Canadian securities regulatory authorities, where applicable, and using fair valuation techniques that most accurately reflect their current value as determined by the Manager.

The value of any security or other property of the Funds for which a market quotation is not readily available or where, in the opinion of the Manager, the market quotations do not properly reflect the fair value of such securities, will be determined by the Manager by valuing the securities at their fair value. In such situations, fair value will be determined using fair valuation techniques that most accurately reflect their fair value as established by the Manager.

4. Interests in Underlying Funds

The Funds may invest in other investment funds (referred to as *Underlying Funds*). Each Underlying Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of redeemable units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The Funds' interests in Underlying Funds held in the form of redeemable units are reported in its Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. The Funds' interests in Underlying Funds as at the prior year period ends are presented in the Financial Instrument Risks – Concentration Risks section in the *Supplemental Schedule to Schedule of Investment Portfolio*. Distributions earned from Underlying Funds are included in Investment Income in the Statements of Comprehensive Income. The total realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statement of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.

Where applicable, the table Interests in Underlying Funds is presented as part of the *Supplemental Schedule to Schedule of Investment Portfolio*, which provides additional information on the Fund's investments in Underlying Funds where the ownership interest exceeds 20% of each Underlying Fund.

5. Leverage

As part of the Funds' investment strategy, the Funds may utilize leverage to achieve its target risk-return objectives. Leverage occurs when the Fund's notional exposure to underlying assets are greater than the amount invested, and may not exceed 300% of the Fund's Net Asset Value (referred to as *NAV*). Notional exposure equals the total of the following:

- i) the outstanding indebtedness under any borrowing agreements;
- ii) the aggregate market value of all securities sold short; and
- iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

Further information, regarding the Fund's use of leverage, including when the Fund reached its lowest and highest point of leverage during the financial reporting period can be found in the Fund's *Supplemental Schedule to Schedule of Investment Portfolio*.

6. Redeemable Units Issued and Outstanding

The Funds have issued four series of units and each series can issue an unlimited number of units. The outstanding units represent the net assets attributable to holders of redeemable units of the Funds. Each unit has no par value and the value of each unit is the net asset value as determined on each valuation date. Settlement of the cost for units issued is completed as per laws of the Canadian securities regulatory authorities in place at the time of issue. Distributions made by the Funds and reinvested by unitholders in additional units also constitute issued redeemable units of the Funds.

Units are redeemed at the net assets attributable to holders of redeemable units per unit of each series of units of the Funds. A right to redeem units of the Funds may be suspended with the approval of the Canadian securities regulatory authorities or when normal trading is suspended on a stock, options, or futures exchange within Canada or outside of Canada on which securities or derivatives that make up more than 50% of the value or underlying exposure of the total assets of the Fund, not including any liabilities of the Fund, are traded and when those securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund. The Funds are not subject to any externally imposed capital requirements.

The capital received by the Funds are utilized within the respective investment mandate of the Funds. For the Funds, this includes the ability to make liquidity available to satisfy unitholder unit redemption requirements upon the unitholder's request.

Changes in issued and outstanding units for the years ended August 31, 2023 and 2022 can be found on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

7. Management Fees, Fixed Administration Fees, and Operating Expenses

Management fees are based on the net asset value of the Fund and are calculated daily and paid monthly. Management fees are paid to the Manager in consideration for providing, or arranging for the provision of, management, distribution, and portfolio advisory services. Advertising and promotional expenses, office overhead expenses related to the Manager's activities, trailing commissions and the fees of the portfolio sub-advisors are paid by the Manager out of the management fees received from the Funds.

The maximum annual management fee expressed as a percentage of the average net asset value for each series of units of the Fund is reported in footnote *Maximum Chargeable Management Fee Rates* on the Statements of Comprehensive Income. For Series O units, management fees are negotiated with and paid by, or as directed by, unitholders, or dealers and discretionary managers on behalf of unitholders.

The Manager may also charge to the Funds less than the maximum management fee noted in footnote *Maximum Chargeable Management Fee Rates* on the Statements of Comprehensive Income, resulting in the Manager waiving management fees. At its sole discretion, the Manager may stop waiving management fees at any time.

In some cases, the Manager may charge management fees to the Fund that are less than the management fees the Manager is entitled to charge in respect of certain investors in the Fund. The difference in the amount of the management fees will be paid out by the Fund to the applicable investors as a distribution of additional units of the Fund (referred to as *Management Fee Distributions*).

Management fee distributions are negotiable between the Manager and the investor and are dependent primarily on the size of the investor's investment in the Fund. Management fee distributions paid to qualified investors do not adversely impact the Fund or any of the Fund's other investors. The Manager may increase or decrease the amount of Management fee distributions to certain investors from time to time.

The Manager pays the operating expenses of the Funds (other than fund costs) in respect of Series A, Series F and Series S, which may include but are not limited to, operating and administrative costs; regulatory fees; audit, and legal fees and expenses; trustee, safekeeping, custodial, and any agency fees; and investor servicing costs and costs of unitholder reports, prospectuses, Fund Facts, and other reports, in exchange for the payment by the Fund of a fixed rate administration fee to the Manager with respect to those series of units (referred to as a *fixed administration fee*). The fixed administration fee will be equal to a specified percentage of the net asset value of each series of units of the Fund, calculated and accrued daily and paid monthly. The fixed administration fee charged for Series A, Series F and Series S of the Fund is reported in the footnote fixed administration fee on the Statements of Comprehensive Income. For Series O, no fixed administration fee will be charged. The Manager pays the Fund's operating expenses that are not fund costs allocated to Series O units of the Fund. The fixed administration fee payable by the Fund, may, in any particular period, exceed or be lower than the expenses we incur in providing such services to the Fund.

In addition to the management fees and fixed administration fees, the Funds are responsible for fund costs, which include, but are not limited to, all fees and expenses relating to the Independent Review Committee and expenses associated with borrowing and interest. Transaction costs which can include brokerage fees, spreads, commissions and all other securities transaction fees are also paid by the Fund.

The Manager may, in some cases, waive all or a portion of the fixed administration fee paid by the Fund with respect to Series A, Series F or Series S Units of the Fund. The decision to waive or absorb some or all of the fixed administration fee is at the Manager's discretion and may continue indefinitely or may be terminated at any time without notice to Unitholders. Operating expenses payable by the Manager or by the Fund as part of the fund costs may include services provided by the Manager or its affiliates.

Where the Fund invests in units of an Underlying Fund, the Fund does not pay duplicate management fees on the portion of its assets that it invests in units of the Underlying Fund. In addition, the Fund will not pay duplicate sales fees or redemption fees with respect to the purchase or redemption by it of units of the Underlying Fund. Some of the Underlying Funds held by the Fund may offer management fee distributions. Such management fee distributions of an Underlying Fund will be paid out as required for taxable distribution payments by the Fund. The Manager of an Underlying Fund may, in some cases, waive a portion of an Underlying Fund's management fee and/or absorb a portion of an Underlying Fund's operating expenses.

Notes to Financial Statements

8. Income Taxes and Withholding Taxes

The CIBC Multi-Asset Absolute Return Strategy qualifies as a mutual fund trust and the CIBC Alternative Credit Strategy qualifies as a unit trust under the *Income Tax Act (Canada)*. No income tax is payable by the Fund on net income and/or net realized capital gains that are distributed to unitholders. In addition, income taxes payable on undistributed net realized capital gains are refundable on a formula basis when units of the Fund is redeemed. Sufficient net income and realized capital gains of the Fund has been, or will be, distributed to the unitholders such that no tax is payable by the Fund and, accordingly, no provision for income taxes has been made in the financial statements. Occasionally, the Fund may pay distributions in excess of net income and net realized capital gains of the Fund. This excess distribution is called a return of capital and is non-taxable to the unitholder. However, a return of capital reduces the average cost of the unitholder's units for tax purposes.

Non-capital losses are available to be carried forward for 20 years.

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Where applicable, the Fund's net capital and non-capital losses are reported in Canadian dollars in the footnote *Net Capital and Non-Capital Losses* on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

The CIBC Multi-Asset Absolute Return Strategy has a taxation year-end of December 15 and the CIBC Alternative Credit Strategy has a taxation year-end of December 31.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

9. Brokerage Commissions and Fees

The total commissions paid by the Funds to brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of the Fund. In allocating brokerage business to a dealer, consideration may be given by the portfolio advisor of the Fund to the provision of goods and services by the dealer or a third party, other than order execution (referred to in the industry as "*soft dollar*" arrangements). These goods and services are paid for with a portion of brokerage commissions, and assist the portfolio advisor with their investment decision-making services to the Fund or relate directly to the execution of portfolio transactions on behalf of the Fund. The services are supplied by the dealer executing the trade or by a third party and paid for by that dealer. The total soft dollar payments paid by the Fund to brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of the Fund.

Fixed income, other securities, and certain derivative products (including forwards) are transacted in an over-the-counter market, where participants are dealing as principals. Such securities are generally traded on a net basis and do not normally involve brokerage commissions, but will typically include a "spread" (being the difference between the bid and the offer prices on the security of the applicable marketplace).

Spreads associated with fixed income securities trading and certain derivative products (including forwards) are not ascertainable and, for that reason, are not included in the dollar amounts.

10. Related Party Transactions

Canadian Imperial Bank of Commerce (referred to as *CIBC*) and its affiliates have the following roles and responsibilities with respect to the Funds and receive the fees described below in connection with their roles and responsibilities. The Funds may hold securities of CIBC. CIBC and its affiliates may also be involved in underwriting or lending to issuers that may be held by the Funds, have purchased or sold securities from or to the Funds while acting as principal, have purchased or sold securities from or to the Funds on behalf of another investment fund managed by CIBC or an affiliate, or have been involved as a counterparty to derivative transactions. Management fees payable and other accrued expenses on the Statements of Financial Position are amounts generally payable to a related party of the Fund.

Manager, Trustee, and Portfolio Advisor of the Funds

CIBC Asset Management Inc. (referred to as *CAMI*), a wholly owned subsidiary of CIBC, is the Manager, trustee, registrar, transfer agent and portfolio advisor of the Funds.

The Manager pays the operating expenses of the Funds (other than fund costs) in respect of Series A, Series F and Series S, which may include but are not limited to, operating and administrative costs; regulatory fees; audit, and legal fees and expenses; trustee, safekeeping, custodial, and any agency fees; and investor servicing costs and costs of unitholder reports, prospectuses, Fund Facts, and other reports, in exchange for the payment by the Fund of a fixed rate administration fee to the Manager with respect to those series of units. The dollar amount (including all applicable taxes) of the fixed rate administrative fee that the Manager receives from the Fund is reported in footnote *Administrative and Other Fund Operating Expenses* on the Statements of Comprehensive Income.

Brokerage Arrangements and Soft Dollars

The portfolio advisor makes decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products, and the execution of portfolio transactions. Brokerage business may be allocated by portfolio advisors, to CIBC World Markets Inc. and CIBC World Markets Corp., each a subsidiary of CIBC. The total commissions paid to related brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of the Funds.

CIBC World Markets Inc. and CIBC World Markets Corp. may also earn spreads on the sale of fixed income, other securities, and certain derivative products to the Fund. Dealers, including CIBC World Markets Inc. and CIBC World Markets Corp., may furnish goods and services, other than order execution, to the portfolio advisor, that process trades through them (referred to in the industry as "*soft dollar*" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio advisor with their investment decision-making services to the Funds or relate directly to executing portfolio transactions on behalf of the Funds. They are supplied by the dealer executing the trade or by a third party and paid for by that dealer. Custodial fees directly related to portfolio transactions incurred by the Funds, or a portion of the Funds, for which CAMI acts as advisor, shall be paid by CAMI and/or dealer(s) directed by CAMI. The total soft dollar payments paid by the Funds to related brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of the Fund.

Custodian

CIBC Mellon Trust Company is the custodian of the Funds (referred to as the *Custodian*). The Custodian holds cash and securities for the Funds and ensures that those assets are kept separate from any other cash or securities that the Custodian might be holding. The Custodian also provides other services to the Funds including record keeping and processing of foreign exchange transactions. The fees and spreads for the services of the Custodian are paid by the Manager in exchange for the Funds charging a fixed administration fee. CIBC owns a 50% interest in the Custodian.

Service Provider

CIBC Mellon Global Securities Services Company (referred to as *CIBC GSS*) provides certain services to the Funds, including securities lending, fund accounting and reporting, and portfolio valuation. CIBC indirectly owns a 50% interest in CIBC GSS. Custodial, fund accounting, reporting and fund valuation fees are paid directly to CIBC GSS by the Manager, and the Manager receives payment from the Funds in the form of a fixed administration fee. Where applicable, securities lending fees are applied against the revenue received by the Funds.

11. Hedging

Certain foreign-currency-denominated positions have been hedged, or partially hedged, by forward foreign currency contracts as part of the investment strategies of the Funds. These hedges are indicated by a hedging reference number on the Schedule of Investment Portfolio and a corresponding hedging reference number on the Schedule of Derivative Assets and Liabilities Forward Foreign Currency Contract(s).

12. Collateral on Specified Derivatives

Short-term investments may be used as collateral for futures or swap contracts outstanding with brokers.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of

CIBC Multi-Asset Absolute Return Strategy
CIBC Alternative Credit Strategy

(Collectively, "the Funds")

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at August 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the periods then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at August 31, 2023 and 2022, and their financial performance and cash flows for the periods then ended in accordance with International Financial Reporting Standards (referred to as IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds 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, 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, 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 each Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' 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 Funds' 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 Funds 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.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Toronto, Canada
November 21, 2023

Chartered Professional Accountants
Licensed Public Accountants



CIBC ASSET
MANAGEMENT

CIBC Asset Management Inc.
1000, rue De La Gauchetière Ouest, bureau 3200
Montréal (Québec)
H3B 4W5

1 888 888-3863
www.renaissanceinvestments.ca
info@cibcassetmanagement.com

CIBC Asset Management Inc., the manager and trustee of the Fund, is a wholly-owned subsidiary of Canadian Imperial Bank of Commerce. Please read the Fund's simplified prospectus before investing. To obtain a copy of the simplified prospectus, call 1 888 888-3863, email us at info@cibcassetmanagement.com, or ask your advisor.

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