



**NEWGEN FOCUSED ALPHA FUND  
INTERIM MANAGEMENT REPORT OF  
FUND PERFORMANCE**

For the period from January 29, 2021 (date of formation) to June 30, 2021

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# **NEWGEN FOCUSED ALPHA FUND**

## **MANAGEMENT REPORT OF FUND PERFORMANCE**

### **Financial Highlights – June 30, 2021**

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This interim Management Report of Fund Performance (“MRFP”) contains financial highlights but does not contain the Fund’s complete interim Financial Statements. You can obtain a free copy of the interim Financial Statements by calling 1-833-563-9436, writing to NewGen Asset Management Limited, Commerce Court North., Suite 2900, 25 King Street West, PO Box 405, Toronto, ON, M5L1G3 or by visiting our website at [www.newgenfunds.com](http://www.newgenfunds.com) or visiting SEDAR website at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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### Forward-Looking Statements (“FLS”)

The Management Report of Fund Performance may contain forward-looking statements. FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and includes any future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of one of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus. Investors are also cautioned that FLS is based on a number of factors and assumptions, including the Fund’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This Management Report of Fund Performance represents the portfolio management team’s view of the significant factors and developments affecting the investment fund’s performance and outlook for the period from January 29, 2021 (date of formation) to June 30, 2021. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the investment fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Fund’s Simplified Prospectus (“Prospectus”) and the interim financial statements. In this report, “Manager”, refers to NewGen Asset Management Limited, the Manager of the Fund. The “Fund” refers to the NewGen Focused Alpha Fund. In addition, “net asset value” or “NAV” refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based. All dollar figures are reported in Canadian dollars or in thousands of Canadian dollars, unless otherwise indicated.

### Investment Objective and Strategies

The Fund's principal investment objective is to provide investors with long-term capital gains. In order to achieve its investment objective, the Fund intends to invest in a concentrated portfolio of high-quality equities predominantly listed in Canada. The Fund may use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The aggregate gross exposure of the Fund shall not exceed the limits on the use of leverage permitted under applicable securities legislation.

The Fund primarily invests long, but it may also opportunistically short equities that offer the potential to generate outsized returns and to offset market risk. The Fund will hold a portfolio of approximately 25 core equity positions. Portfolio construction will rely on in-depth fundamental analysis with the aim of identifying attractive equity opportunities in Canadian investment universe. It may also invest up to 20% of its NAV in securities of listed in the U.S. or in the U.S. issuers when compelling risk-reward opportunities arise. Positions will be weighted in the portfolio relative to their estimated potential return as estimated by the Manager, as well as the securities’ underlying liquidity and risk profiles.

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### Risk

The risks associated with investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for someone who is looking for steady long-term capital appreciation and a stable stream of income in a diversified portfolio of investments to hold as part of their balanced portfolio and has a medium to longer term investment horizon.

There are several types of risk that include, but are not limited to:

#### *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.

Pursuant to NI 82-102, the aggregate use of leverage by the Fund is limited to 300% of the Fund's NAV. The Fund's aggregate exposure, calculated as the sum of the following, must not exceed three times the Fund's NAV: (i) the aggregate market value of the Fund's outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund's specified derivative positions minus the aggregate notional amount of the specified derivative positions that are hedging transactions. If the Fund's aggregate gross exposure exceeds three times the Fund's NAV, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's NAV or less.

The Fund may borrow cash or sell securities short whereby the aggregate value of cash borrowed combined with securities sold short will be limited to 50% of the Fund's NAV. If the aggregate value of cash borrowed combined with the aggregate market value of all securities sold short by the Fund exceeds 50% of the Fund's NAV, the Fund must, as quickly as commercially reasonable take all necessary steps to reduce the aggregate value of cash borrowed combined with the aggregate market value of securities sold short to 50% or less of the Fund's NAV.

#### *Currency Risk*

The Fund is valued in Canadian dollars; however, it invests in foreign securities denominated in foreign currencies. In order to reduce the impact of short-term currency fluctuations, we may employ currency hedging. Specifically, we may hedge all or a portion of our foreign currency exposure depending on our view of a currency's relative value and its associated risks.

As at June 30, 2021 the Fund's foreign currency exposure was to the U.S. dollar, which as a percentage of total net assets, was approximately 0.16%.

#### *Equity Investment Risk*

Equity investments, such as stocks, carry several risks. A number of factors may cause the price of a stock to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments an overall decline in the value of the stocks it holds will reduce the value of the Fund and, therefore, the value of your investment. However, if the price of the stocks in the portfolio increases, your investment will be worth more. Equity funds generally tend to be more volatile than fixed income funds, and the value of their units can vary widely.

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#### *Fixed Income Investment Risk*

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other

than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of government securities. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of its fixed

income investments will reduce the value of the Fund and therefore, the value of your investment. However, your investment will be worth more if the value of the fixed income investments in the portfolio increases.

#### *Credit Risk*

An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example, the risk of default is quite low for most government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment. Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Other factors can also influence a debt security's market value, such as the level of liquidity of the security or a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated debt instruments such as an instrument that has a credit rating below investment grade or may not be rated at all (sometimes referred to as "high yield"), generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss as compared to higher grade instruments.

#### *Terrorism, War, Natural Disaster and Epidemic Risk*

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Funds' investments.

There were no significant changes to the investment objectives and strategies that affected the Fund's overall level of risk during the reporting period.

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### Results of Operations

The Fund commenced active operations on March 30, 2021. During the period from March 30, 2021 to June 30, 2021, Class C units returned 10.69%, Class F units returned 10.61%, Class G units returned 10.35% and Class I units returned 13.18%, after fees. By comparison, the S&P/TSX Composite Index was up 15.67%. It is important to note that the Fund's return reflects the effect of fees and expenses for professional management and it comprises both long and short positions, while the S&P/TSX Composite Index does not have such costs and is fully invested.

The net asset value (NAV) of the Fund increased from January 29, 2021 (the fund inception date) to June 30, 2021 to \$10.5 million, with the main changes to equity derived through a combination of \$9.9 million in net inflows, \$ nil in distributions and \$0.6 million in net income.

Asset prices continued to experience strength in the first half of 2021, on an accelerated roll-out of COVID-19 vaccines around the world. Equities, bonds and commodities all benefitted from a continued surge in global liquidity and low rates, robust economic growth led by the consumer and rebounding industrial activity, and strong corporate earnings growth. While many major indices closed at/near all-time highs, there were periods of heightened volatility, triggered by an uptick in inflation readings and a hawkish shift in messaging from the US FED driving the US 10-year yield higher. Meanwhile a surge in Delta variant cases contributed to additional market uncertainty.

Amidst this global economic backdrop, there was a pronounced rotation from growth into value, as the "reopening trade" gathered momentum on vaccine progress. In Canada, value sectors including Energy, Financials and REITs, led the S&P/TSX Composite Index's gains. Despite strength in industrial metals, Materials was the only sector that experienced negative performance, dragged lower by weakness in precious metals equities due to tapering concerns.

During the period from March 30, 2021 to June 30, 2021, the Fund did not breach the aggregate gross exposure limit of 300% of the Fund's NAV as prescribed by securities legislation, while the Fund's aggregate gross exposure ranged from 26.2% to 104.8% of the Fund's NAV during such period of time. The low end of the range occurred on the first day of the Fund's trading as the initial portfolio was being constructed. As of June 30, 2021, the Fund's aggregate gross exposure was 98.0%. The primary source of leverage was short positions in equity securities.

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### Related Party Transactions

#### Management fees:

As a result of providing investment and management services, the Manager receives a management fee calculated and accrued daily based on the NAV of the class of units of the Fund, plus applicable taxes, payable on the last day of each calendar month. For the period from January 29, 2021 (date of formation) to June 30, 2021, the Fund incurred management fees of \$9,744 plus applicable taxes. Management fees, if any, in respect of Class I units are direct fees negotiated with the investor.

The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's shares, investment advice, as well as general administrative expenses relating to the Manager's role as Manager.

The following is a breakdown:

Class of Units	Annual Rates	As a Percentage of Management Fees	
		Dealer Compensation	General Administration and Investment Advice
Class C Founders units	0.75%	0.0%	100.0%
Class F units	1.00%	0.0%	100.0%
Class G units	2.00%	50.0%	50.0%
Class I units	Negotiable*	0.0%	100.0%

\*Negotiated by the investor and paid directly by the investor. The management fee rate would not exceed the management fee payable on Class G units of the Fund.

#### Performance fees:

The Manager receives a performance fee in respect of each class of units of the Fund. The Fund will pay the Manager a performance fee each calendar quarter (a "Performance Fee Determination Period") equal to 15% of the Net Profit (as defined below) of each applicable class of units subject to the High Watermark (as defined below). The performance fee will be calculated and accrued for each class on a daily basis during each Performance Fee Determination Period and, with respect to an intra-quarter redemption of units of a class, on the relevant redemption date. For the period from January 29, 2021 (date of formation) to June 30, 2021, the total performance fees incurred were \$82,559.

Net Profit means, in respect of any class of units of the Fund for any Valuation Day, the positive amount (if any) calculated by deducting the NAV per unit of the class for that Valuation Day from the highest NAV per unit in respect of which a performance fee liability has previously arisen (the "High Watermark") (or the initial offering price of the units if no performance fee liability has previously arisen in respect of such class of units). The performance fee will be determined by multiplying the amount of Net Profit by the total number of the units of such class outstanding at the close of business on such Valuation Day.

No performance fee shall be paid in respect of a class unless the class NAV per unit exceeds the High Watermark and, in such circumstances, a performance fee shall only be paid on that portion of the Net Profit that exceeds the High Watermark.

Investors in Class I units may negotiate a performance fee to be paid by the investor that is different than the one described above or no performance fee at all.

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### Financial Highlights

The following tables show selected key financial information about the Class C, Class F, Class G and Class I units of the Fund, respectively, and are intended to help you understand the Fund's financial performance for the past year and for the period since the inception date in 2019.

<b>The Fund's Net Asset Value (NAV) per Class C Unit (1)</b>	<b>2021</b>
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	-
<b>Increase (decrease) from operations</b>	
Total revenue	0.04
Total expenses	(0.37)
Realized gain for the period	0.51
Unrealized gain for the period	0.83
<b>Total increase from operations (2)</b>	<b>1.01</b>
<b>Distributions:</b>	
From net income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.07</b>

### Ratios and Supplemental Data

Total Net Asset Value (4)	\$ 7,931,344
Number of units outstanding (4)	716,522
Management expense ratio (5)	3.03%
Trading expense ratio (6)	0.70%
Portfolio turnover rate (7)	126.52%
<b>Net Asset Value per Unit</b>	<b>11.07</b>



# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2021

The Fund's Net Asset Value (NAV) per Class F Unit (1)	2021
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	-
<b>Increase (decrease) from operations</b>	
Total revenue	0.04
Total expenses	(0.41)
Realized gain for the period	0.38
Unrealized gain for the period	1.00
<b>Total increase from operations (2)</b>	1.01
<b>Distributions:</b>	
From net income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	-
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.06</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 66,147
Number of units outstanding (4)	5,980
Management expense ratio (5)	3.13%
Trading expense ratio (6)	0.70%
Portfolio turnover rate (7)	126.52%
<b>Net Asset Value per Unit</b>	<b>11.06</b>

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## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2021

The Fund's Net Asset Value (NAV) per Class G Unit (1)	2021
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	-
<b>Increase (decrease) from operations</b>	
Total revenue	0.04
Total expenses	(0.42)
Realized gain for the period	0.54
Unrealized gain for the period	0.97
<b>Total increase from operations (2)</b>	1.13
<b>Distributions:</b>	
From net income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	-
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.04</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 506,239
Number of units outstanding (4)	45,875
Management expense ratio (5)	3.54%
Trading expense ratio (6)	0.70%
Portfolio turnover rate (7)	126.52%
<b>Net Asset Value per Unit</b>	<b>11.04</b>

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## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2021

The Fund's Net Asset Value (NAV) per Class I Unit (1)	2021
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	-
<b>Increase (decrease) from operations</b>	
Total revenue	0.03
Total expenses	(0.16)
Realized gain for the period	0.50
Unrealized gain for the period	0.95
<b>Total increase from operations (2)</b>	1.32
<b>Distributions:</b>	
From net income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	-
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.32</b>

### Ratios and Supplemental Data

Total Net Asset Value (4)	\$ 2,040,585
Number of units outstanding (4)	180,302
Management expense ratio (5)	1.27%
Trading expense ratio (6)	0.70%
Portfolio turnover rate (7)	126.52%
<b>Net Asset Value per Unit</b>	<b>11.32</b>

#### Notes:

- (1) This information is derived from the Fund's financial statements for June 30, 2021 and is not a reconciliation of beginning and ending net assets per unit.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (4) This information is provided as at June 30, 2021, as applicable.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average NAV during the year.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the year. Included in the trading expense ratio are the forward fees.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the units in its portfolio once in the course of the period. The higher a funds' portfolio turnover rate in the period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the period from January 29, 2021 (date of formation) to June 30, 2021

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### Past performance of the Fund

The past performance of the Fund is not presented as the Fund has been in operation for less than 12 months as at June 30, 2021.

### Summary of Investment Portfolio

The following table shows selected key financial information about the Fund, and is intended to assist in the understanding of the Fund's financial performance for the period from January 29, 2021 (date of formation) to June 30, 2021.

#### Portfolio Composition

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Sector Allocation	% of Net Assets Value
<b>Long Allocations</b>	
Basic Materials	26.10
Communications	3.43
Consumer, Cyclical	13.45
Consumer, Non-cyclical	2.10
Energy	12.79
Financial	7.62
Funds	0.03
Industrial	1.99
Technology	9.80
Utilities	2.93
Cash And Other Net Assets	24.22
<b>Total Long Allocations</b>	<b>104.46</b>
<b>Short Allocations</b>	
Basic Materials	(4.44)
Funds	(0.02)
<b>Total Short Allocations</b>	<b>(4.46)</b>
<b>Total Net Assets Value (000's)</b>	<b>\$ 10,544.32</b>

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.

The prospectus and other information about the underlying investment funds are available on the internet at [www.sedar.com](http://www.sedar.com).

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### Top 25 Holdings

Issuer	% of Net Assets Value	Issuer	% of Net Assets Value
<b>Long Positions</b>		<b>Short Positions</b>	
Cash And Other Net Assets	24.22	Southern Silver Exploration Corp.	(2.06)
Gibson Energy Inc.	3.38	Whitehorse Gold Corp.	(1.51)
Trican Well Service Ltd	3.29	GR Silver Mining Ltd.	(0.87)
Alaris Equity Partners Income	3.22	iShares S&P/TSX 60 Index ETF Put \$28.50 16J	(0.02)
Trisura Group Ltd	3.14	<b>Total Short Positions</b>	<b>(4.46)</b>
Pet Valu Holdings Ltd	3.07		
Lightspeed POS Inc.	3.05		
TransAlta Corp.	2.93		
Superior Plus Corp.	2.90		
Solaris Resources Inc.	2.73		
Filo Mining Corp.	2.57		
West Fraser Timber Co., Ltd	2.53		
Corus Entertainment Inc.	2.41		
Chorus Aviation Inc.	2.26		
Whitehorse Gold Corp. RSTD 18SEP2021	2.22		
SSR Mining Inc.	2.20		
VerticalScope Holdings Inc.	2.13		
MindBeacon Holdings Inc.	2.12		
Cineplex Inc.	2.12		
Suncor Energy Inc.	2.11		
Brookfield Business Partners LP	2.06		
Southern Silver Exploration Corp. RSTD 17OCT2021	2.06		
Storm Resources Ltd	2.01		
ARC Resources Ltd	2.00		
<b>Total Long Positions</b>	<b>82.73</b>		

**Total Percentage of Net Assets Value Represented by Holdings**

**78.27**