

Financial Statements of

**NEWGEN ALTERNATIVE
INCOME FUND**

For the six-months ended June 30, 2021 and
2020

(Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by NewGen Asset Management Limited in its capacity as the Manager of the Fund. The Fund's Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements made by the Manager. The significant accounting policies which the Trustee believes are appropriate for the Fund are described in Note 2 to the unaudited interim financial statements.

On behalf of the Manager

"David Dattels"

August 16, 2021

Date

NOTICE TO UNITHOLDERS

The Auditors of the Fund have not reviewed these financial statements.

NewGen Asset Management Limited, Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

NewGen Alternative Income Fund

Statements of Financial Position (Unaudited) As at June 30, 2021 and December 31, 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 20,373	\$ 23,655
Due from broker	21,333,182	–
Investments owned, at fair value through profit or loss (note 6)	367,777,136	216,863,192
Interest and dividends receivable	2,703,512	1,595,025
Subscriptions receivable	1,506,643	1,983,843
Other receivables	180,088	222,137
Prepaid expenses	17,774	–
	<u>393,538,708</u>	<u>220,687,852</u>
LIABILITIES		
Current liabilities		
Due to broker	–	5,308,474
Investments sold short, at fair value through profit or loss (note 6)	45,142,594	24,039,353
Accounts payable and accrued liabilities	669,675	129,119
Redemptions payable	292,777	41,722
Distributions payable	322,725	316,667
Management fees payable (note 3)	311,689	11,991
Performance fees payable (note 3)	1,554,888	198,599
Dividends payable on investments sold short	103,731	49,855
Unrealized depreciation of forward contracts	878,138	–
	<u>49,276,217</u>	<u>30,095,780</u>
Net assets attributable to holders of redeemable units	\$ <u>344,262,491</u>	\$ <u>190,592,072</u>
Net assets attributable to holders of redeemable units per Class		
Class F	\$ 291,010,199	\$ 163,175,195
Class F US	7,553,362	–
Class G	44,093,248	27,235,259
Class G US	240,331	–
Class I	<u>1,365,351</u>	<u>181,618</u>
	\$ <u>344,262,491</u>	\$ <u>190,592,072</u>
Number of redeemable units outstanding (note 4)		
Class F	23,562,936	14,142,812
Class F US	597,266	–
Class G	3,706,349	2,449,899
Class G US	18,901	–
Class I	101,930	14,852

NewGen Alternative Income Fund

Statements of Financial Position (Unaudited) (continued) As at June 30, 2021 and December 31, 2020

		2021		2020
Net assets attributable to holders of redeemable units per unit				
Class F	\$	12.35	\$	11.54
Class F US		12.65		–
Class G		11.90		11.12
Class G US		12.72		–
Class I		13.39		12.23
Class F US (in US Dollars)		10.20		–
Class G US (in US Dollars)		10.25		–

See accompanying notes to financial statements.

Approved on behalf of the Fund:

“David Dattels”

Manager
NewGen Asset Management Limited

NewGen Alternative Income Fund

Statements of Comprehensive Income (Loss) (Unaudited) For the six-months ended June 30, 2021 and 2020

	2021	2020
Income		
Dividends	\$ 5,166,990	\$ 2,213,075
Interest income for distribution purposes	1,966,971	1,551,484
Net realized gain (loss) on sale of investments, including foreign exchange adjustments	6,166,290	(6,182,619)
Net change in unrealized appreciation in value of investments, including foreign exchange adjustments	15,987,582	2,165,782
Net realized gain on forward contracts	1,633,143	-
Net change in unrealized depreciation on forward contracts	(878,138)	-
	<u>30,042,838</u>	<u>(252,278)</u>
Expenses		
Performance fees (note 3)	4,064,268	6,244
Management fees (note 3)	1,706,842	794,681
Interest and borrowing fees	1,630,143	378,829
Commissions and other portfolio transaction costs	1,325,353	1,204,497
Dividends paid on investments sold short	250,358	157,305
Operating costs	224,572	167,648
Audit fees	43,657	70,045
Legal fees	15,188	39,473
Withholding tax	-	(6,464)
	<u>9,260,381</u>	<u>2,812,258</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>\$ 20,782,457</u>	<u>\$ (3,064,536)</u>
Increase (decrease) in net assets attributable to holders of redeemable units per Class		
Class F	\$ 17,872,435	\$ (2,736,311)
Class F US	152,720	-
Class G	2,673,479	(326,207)
Class G US	5,344	-
Class I	78,479	(2,018)
	<u>\$ 20,782,457</u>	<u>\$ (3,064,536)</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 9)		
Class F	\$ 0.92	\$ (0.25)
Class F US	0.51	-
Class G	0.86	(0.17)
Class G US	0.33	-
Class I	1.13	(0.07)

NewGen Alternative Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) For the six-months ended June 30, 2021 and 2020

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued*	Redemption of redeemable units*	Distributions to holders of redeemable units	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
2021							
Class F	\$ 163,175,195	\$ 126,130,421	\$ (14,601,787)	\$ (4,352,465)	\$ 2,786,400	\$ 17,872,435	\$ 291,010,199
Class F US	–	7,514,797	(111,780)	(57,835)	55,460	152,720	7,553,362
Class G	27,235,259	16,128,821	(1,784,878)	(499,796)	340,363	2,673,479	44,093,248
Class G US	–	235,627	–	(1,169)	529	5,344	240,331
Class I	181,618	1,105,253	–	(15,943)	15,944	78,479	1,365,351
	<u>\$ 190,592,072</u>	<u>\$ 151,114,919</u>	<u>\$ (16,498,445)</u>	<u>\$ (4,927,208)</u>	<u>\$ 3,198,696</u>	<u>\$ 20,782,457</u>	<u>\$ 344,262,491</u>

* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2021 were \$904,047 and \$(904,047), respectively.

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued**	Redemption of redeemable units**	Distributions to holders of redeemable units	Reinvestment of distributions	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
2020							
Class F	\$ 118,641,923	\$ 28,488,292	\$ (36,561,331)	\$ (2,044,806)	\$ 1,184,873	\$ (2,736,311)	\$ 106,972,640
Class G	18,950,453	1,776,127	(2,076,003)	(247,276)	150,551	(326,207)	18,227,645
Class I	298,616	26,491	–	(5,732)	5,731	(2,018)	323,088
	<u>\$ 137,890,992</u>	<u>\$ 30,290,910</u>	<u>\$ (38,637,334)</u>	<u>\$ (2,297,814)</u>	<u>\$ 1,341,155</u>	<u>\$ (3,064,536)</u>	<u>\$ 125,523,373</u>

** Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2020 were \$824,208 and \$(824,208), respectively.

NewGen Alternative Income Fund

Statements of Cash Flows (Unaudited)

For the six-months ended June 30, 2021 and 2020

	2021	2020
Cash provided by (used in):		
Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 20,782,457	\$ (3,064,536)
Adjustments for non-cash items		
Net realized (gain) loss on sale of investments, including foreign exchange adjustments	(6,166,290)	6,182,619
Net change in unrealized appreciation in value of investments, including foreign exchange adjust	(15,987,582)	(2,165,782)
Net change in unrealized depreciation on forward contracts	878,138	-
Change in non-cash balances		
(Increase) decrease in due from broker	(21,333,182)	31,229,639
(Increase) decrease in interest and dividends receivable	(1,108,487)	65,071
Decrease (increase) in other receivables	42,049	(29,009)
Increase in prepaid expenses	(17,774)	(30,363)
(Decrease) increase in due to broker	(5,308,474)	23,541,883
Increase (decrease) in accounts payable and accrued liabilities	540,556	(9,020)
Increase (decrease) in management fees payable	299,698	(14,993)
Increase in performance fees payable	1,356,289	308
Increase (decrease) in dividends payable on investments sold short	53,876	(7,549)
Proceeds from sale of investments	986,857,330	822,923,171
Purchase of investments	<u>(1,095,550,316)</u>	<u>(867,288,866)</u>
Cash (used in) provided by operating activities	<u>(134,661,712)</u>	<u>11,332,573</u>
Financing Activities		
Proceeds from redeemable units issued	150,688,072	29,707,123
Amount paid on redemption of redeemable units	(15,343,343)	(37,871,247)
Distributions to holders of redeemable units, net of reinvestments	<u>(1,722,454)</u>	<u>(1,108,469)</u>
Cash provided by (used in) financing activities	<u>133,622,275</u>	<u>(9,272,593)</u>
(Decrease) increase in cash during the period	(1,039,437)	2,059,980
Foreign exchange gain (loss) on cash	1,036,155	(2,058,063)
Cash, beginning of period	<u>23,655</u>	<u>23,942</u>
Cash, end of period	\$ 20,373	\$ 25,859
Supplemental information*		
Interest paid	\$ 96,240	\$ 162,207
Interest received	1,495,668	1,415,762
Dividends paid	189,944	164,854
Dividends received, net of withholding taxes	4,528,719	2,443,274

*Included as a part of cash flows from operating activities

NewGen Alternative Income Fund

Schedule of Investment Portfolio

As at June 30, 2021 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian equities			
3,321,500	AbraSilver Resource Corp.	\$ 2,109,153	\$ 1,760,394	0.51
382,900	Alaris Equity Partners Income	5,201,529	6,490,155	1.89
285,700	Algonquin Power & Utilities Corp.	5,469,380	5,276,879	1.53
164,600	Boardwalk Real Estate Investment Trust	5,003,572	6,728,848	1.95
124,300	Brookfield Business Partners LP	6,983,257	7,122,390	2.07
145,000	Brookfield Infrastructure Partners LP	9,984,671	9,978,900	2.90
71,000	Brookfield Renewable Corp.	4,173,607	3,697,680	1.07
125,000	BRP Inc.	12,068,150	12,125,000	3.52
214,700	Canaccord Genuity Group Inc.	2,874,014	2,915,626	0.85
146,700	Canadian Natural Resources Ltd.	4,058,353	6,601,500	1.92
200,000	Canadian Western Bank	7,320,005	6,960,000	2.02
157,200	Capital Power Corp.	4,987,220	6,437,340	1.87
1,080,400	Corus Entertainment Inc.	3,991,934	6,871,344	2.00
625,000	Doman Building Materials Group Ltd.	6,250,000	5,225,000	1.52
155,600	Enbridge Inc.	6,706,556	7,723,984	2.24
780,200	Freehold Royalties Ltd.	4,920,928	7,622,554	2.21
261,000	Gibson Energy Inc.	4,932,664	6,198,750	1.80
760,000	GR Silver Mining Ltd RSTD 28AUG2021	448,400	463,600	0.13
202,700	Intertape Polymer Group Inc.	4,219,996	5,825,598	1.69
157,800	K-Bro Linen Inc.	5,780,379	6,791,712	1.97
156,900	Labrador Iron Ore Royalty Corp.	3,822,170	7,369,593	2.14
150,500	Magellan Aerospace Corp.	1,334,151	1,572,725	0.46
332,555	Neo Performance Materials Inc.	6,545,786	5,483,832	1.59
93,800	Nutrien Ltd.	6,338,277	7,045,318	2.05
5,671,000	Pasofino Gold Ltd.	444,014	567,100	0.16
107,800	Pet Valu Holdings Ltd.	2,451,558	2,882,572	0.84
278,947	Plus Products Inc.	265,000	126,921	0.04
342,900	Polaris Infrastructure Inc.	7,082,500	6,628,257	1.93
200,000	Power Corp of Canada	6,656,560	7,836,000	2.28
188,200	Shaw Communications Inc.	4,929,754	6,758,262	1.96
425,000	Shaw Communications Inc. Preferred Shares 1.576672%	9,975,580	10,625,000	3.09
498,200	Sienna Senior Living Inc.	6,172,766	8,190,408	2.38
25,000	Slate Grocery REIT	291,250	318,750	0.09
126,600	Stelco Holdings Inc.	3,388,982	4,608,240	1.34
181,800	Suncor Energy Inc.	5,060,473	5,397,642	1.57
480,000	Superior Plus Corp.	5,706,954	7,329,600	2.13
1,473,400	Talon Metals Corp.	869,306	766,168	0.22
123,900	TC Energy Corp.	7,314,109	7,600,026	2.21
395,500	Topaz Energy Corp.	5,426,798	6,842,150	1.99
474,600	TransAlta Corp.	4,253,369	5,861,310	1.70
2,000,000	Voxtur Analytics Corp. RSTD 12JUL2021	1,400,000	1,480,000	0.43
		<u>197,213,125</u>	<u>228,107,128</u>	<u>66.26</u>

NewGen Alternative Income Fund

Schedule of Investment Portfolio (continued)

As at June 30, 2021 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian fixed income				
4,500,000	AutoCanada Inc. 8.75% 11FEB2025	\$ 4,832,500	\$ 4,865,625	1.41
5,715,000	Chemtrade Logistics Income Fund 8.50% 30SEP2025	6,265,247	6,257,925	1.82
2,800,000	Chorus Aviation Inc. 6% 30JUN2026 CONV. \$6.35	2,800,000	2,996,000	0.87
3,401,500	Cineplex Inc. 5.75% 30SEP2025	3,862,603	4,949,183	1.44
2,000,000	Cineplex Inc. 7.50% 26FEB2026	2,000,000	2,100,000	0.61
5,000,000	Corus Entertainment Inc. 5% 11MAY2028	5,000,000	5,050,000	1.47
3,000,000	Doman Building Materials Group Ltd. 5.25% 15MAY2026	3,000,000	3,018,750	0.88
6,000,000	Dye & Durham Ltd. 3.75% 01MAR2026	6,051,840	6,090,000	1.77
2,500,000	Ionic Brands Corp. 10% 16MAY2022 CONV. \$0.75	2,500,000	2,500,000	0.73
2,000,000	Mattamy Group Corp. 4.625% 01MAR2028	2,000,000	2,045,000	0.59
637,687	Nabis Holdings Inc. 5.3% 25JAN2023	637,687	325,220	0.09
3,100,000	North American Construction Group Ltd. 5.50% 30JUN2028	3,196,250	3,348,000	0.97
3,000,000	Parkland Corp. 4.375% 26MAR2029	3,000,000	3,056,250	0.89
500,000	Parkland Corp. 6% 23JUN2028	500,000	538,125	0.16
3,500,000	Superior Plus LP 4.25% 18MAY2028	3,500,000	3,583,125	1.04
4,000,000	Videotron Ltd. 4.50% 15JAN2030	4,000,000	4,195,000	1.22
		<u>53,146,127</u>	<u>54,918,203</u>	<u>15.96</u>
Canadian money market				
30,000,000	Bank of Nova Scotia BA 23JUL2021	<u>29,995,800</u>	<u>29,996,669</u>	<u>8.71</u>
Canadian options				
237,200	Air Canada Call \$25 16JUL2021	978,154	334,452	0.10
834,000	iShares S&P/TSX 60 Index ETF Put \$30 16JUL2021	264,795	108,420	0.03
305,400	SSR Mining Inc. Call \$17 16JUL2021	535,090	737,541	0.21
37,500	West Fraser Timber Co., Ltd. Call \$86 16JUL2021	252,000	163,125	0.05
		<u>2,030,039</u>	<u>1,343,538</u>	<u>0.39</u>
Canadian warrants				
12,100,000	Canopy Growth Corp. \$0.40 19FEB2024	484,000	1,331,000	0.39
27,450	Taiga Motors Corp. \$17.25 31DEC2026	8,262	77,684	0.02
1,000,000	Theralase Technologies Inc. \$0.35 22AUG2024	–	147,500	0.04
330,000	Antibe Therapeutics Inc. \$7.50 24FEB2024	412,434	55,834	0.02
127,200	Braxia Scientific Corp. \$1.15 11JUN2022	–	–	–
20,000	Fosterville South Exploration Ltd. \$2 14MAY2022	–	351	0.00
380,000	GR Silver Mining Ltd \$0.74 27APR2023 RSTD 28AUG2021	–	22,942	0.01
3,332,500	Ionic Brands Corp. \$0.90 16MAY2022	–	10	0.00
350,000	Lion One Metals Ltd \$2.35 21AUG2021	–	–	–
1,111,000	Nabis Holdings Inc. \$1.10 26MAR2022	–	5,555	0.00
213,000	OrganiGram Holdings Inc. \$2.50 12NOV2023	–	287,836	0.08
260,000	Orla Mining Ltd \$3 18DEC2026	443,300	712,000	0.21

NewGen Alternative Income Fund

Schedule of Investment Portfolio (continued)

As at June 30, 2021 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian warrants (continued)				
292,830	Plus Products Inc. \$1.10 28FEB2024	\$ –	\$ 3,493	0.00
57,750	Plus Products Inc. \$8 28FEB2024	–	1,155	0.00
834,950	Talon Metals Corp. \$0.80 18MAR2022	16,699	5,677	0.00
50,000	TransCanna Holdings Inc. \$6 7JUN2022 RSTD 8OCT2019	–	–	–
		<u>1,364,695</u>	<u>2,651,037</u>	<u>0.77</u>
U.S. equities				
55,682	FG New America Acquisition Corp.	717,251	705,212	0.20
204,000	Motion Acquisition Corp.	2,581,314	2,515,335	0.73
152,799	Northern Genesis Acquisition Corp II	1,807,819	1,885,918	0.55
329,000	Northern Genesis Acquisition Corp III	3,852,992	3,991,297	1.16
55,500	Peridot Acquisition Corp.	704,600	838,532	0.24
312,900	Qell Acquisition Corp.	3,950,832	3,861,961	1.12
308,571	Synaptive Medical Inc.	715,824	956,917	0.28
15,856	The Lion Electric Co.	376,631	382,357	0.11
		<u>14,707,263</u>	<u>15,137,529</u>	<u>4.39</u>
U.S. fixed income				
2,200,600	Air Canada 4% 01JUL2025	3,189,612	4,275,446	1.24
4,035,000	Ayr Wellness Inc. 12.50% 10DEC2024	4,782,649	5,486,968	1.59
1,802,900	Calfrac Holdings LP 10.875% 15MAR2026	3,216,755	1,722,034	0.50
1,625,000	Gryphon Digital Mining Inc. 10% 29JUN2023 CONV. \$9.4867	2,011,344	2,015,731	0.59
1,000,000	Orla Mining Ltd 8.8% 18DEC2024	1,205,750	1,240,450	0.36
4,000,000	Precision Drilling Corp. 6.875% 15JAN2029	4,947,469	5,141,665	1.49
2,000,000	Superior Plus LP / Superior General Partner Inc. 4.50% 15MAR2029	2,530,700	2,555,327	0.74
2,251,000	Tricon Capital Group Inc. 5.75% 31MAR2022	2,972,969	3,057,796	0.89
3,202,000	Trulieve Cannabis Corp. 9.75% 18JUN2024	4,194,423	4,259,885	1.24
		<u>29,051,671</u>	<u>29,755,302</u>	<u>8.64</u>
U.S. options				
117,500	SSR Mining Inc. Call \$17 17SEP2021	101,663	100,569	0.03
102,600	VIX 7 C22 Call \$22 21JUL2021	335,908	120,907	0.04
		<u>437,571</u>	<u>221,476</u>	<u>0.07</u>
U.S. warrants				
100,500	FG New America Acquisition Corp. \$11.50 31AUG2027	243,850	274,263	0.08
231,850	Mercer Park Brand Acquisition Corp. \$11.50 24JUN2024	184,763	920,315	0.27
50,933	Northern Genesis Acquisition Corp II \$11.50 31DEC2027	128,239	104,879	0.03
82,250	Northern Genesis Acquisition Corp III \$11.50 31DEC2027	114,332	146,919	0.04
41,600	RMG Acquisition Corp II \$11.50 27DEC2025	128,235	86,177	0.03
148,450	TPCO Holding Corp. \$11.50 15JAN2026	65,088	230,181	0.07
250,000	Denison Mines Corp. US\$2.00 19FEB2023	44,130	14,190	0.00
171,293	Gryphon Digital Mining Inc. \$18.973	–	440,362	0.13
154,285	Synaptive Medical Inc. \$3.75 06DEC2022	–	23,319	0.01
		<u>908,637</u>	<u>2,240,605</u>	<u>0.66</u>
	Total investments owned	328,854,928	364,371,487	105.85

NewGen Alternative Income Fund

Schedule of Investment Portfolio (continued)

As at June 30, 2021 (Unaudited)

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian equities				
(68,800)	Badger Infrastructure Solution	\$ (2,548,555)	\$ (2,588,256)	(0.75)
(21,500)	Boyd Group Services Inc.	(4,583,621)	(4,849,970)	(1.41)
(49,447)	Brookfield Infrastructure Corp.	(4,594,660)	(4,619,833)	(1.34)
(33,800)	CCL Industries Inc.	(2,304,660)	(2,307,526)	(0.67)
(348,100)	Goodfood Market Corp.	(2,913,560)	(2,669,927)	(0.78)
(309,000)	Hudbay Minerals Inc.	(2,494,369)	(2,549,250)	(0.74)
(101,200)	LifeWorks Inc.	(3,304,474)	(3,382,104)	(0.98)
(99,800)	Methanex Corp.	(4,311,109)	(4,100,782)	(1.19)
(65,000)	Metro Inc.	(3,833,824)	(3,862,950)	(1.12)
(137,700)	NFI Group Inc.	(3,606,899)	(3,879,009)	(1.13)
(16,800)	TFI International Inc.	(1,907,173)	(1,901,256)	(0.55)
(182,300)	Transcontinental Inc.	(4,052,892)	(4,243,944)	(1.23)
(435,600)	Well Health Technologies Corp.	(3,191,836)	(3,824,568)	(1.11)
		<u>(43,647,632)</u>	<u>(44,779,375)</u>	<u>(13.00)</u>
Canadian options				
(269,500)	Air Canada Call \$33 16JUL2021	(77,481)	(16,170)	0.00
(237,200)	Air Canada Put \$15 16JUL2021	(383,375)	(11,860)	0.00
(834,000)	iShares S&P/TSX 60 Index ETF Put \$28.50 16JUL2021	(70,890)	(66,720)	(0.02)
(305,400)	SSR Mining Inc. Call \$20 16JUL2021	(209,252)	(100,782)	(0.03)
(37,500)	West Fraser Timber Co., Ltd. Call \$96 16JUL2021	(115,500)	(18,750)	(0.01)
(37,500)	West Fraser Timber Co., Ltd. Put \$72 16JUL2021	(128,625)	(6,750)	0.00
		<u>(985,123)</u>	<u>(221,032)</u>	<u>(0.06)</u>
U.S. options				
(117,500)	SSR Mining Inc. Call \$20 17SEP2021	(29,879)	(29,151)	(0.01)
(187,900)	SSR Mining Inc. Put \$13 16JUL2021	(186,361)	(23,308)	(0.01)
(117,500)	SSR Mining Inc. Put \$13 17SEP2021	(44,090)	(45,183)	(0.01)
(102,600)	VIX 7 C32.5 Call \$32.50 21JUL2021	(152,841)	(44,545)	(0.01)
		<u>(413,171)</u>	<u>(142,187)</u>	<u>(0.04)</u>
	Total investments sold short	(45,045,926)	(45,142,594)	(13.10)
	Commissions and other portfolio transaction costs	<u>(211,007)</u>	<u>—</u>	<u>—</u>
	Net investments owned	\$ <u>283,597,995</u>	319,228,893	92.75
	Unrealized loss, foreign exchange forward contracts (Schedule 1)		(878,138)	(0.26)
	Canadian swap:			
	Royal Bank of Canada Prepaid Dividend Swap notional \$1,103,500		3,405,649	0.99
	Other assets, net		<u>22,506,087</u>	<u>6.52</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ <u>344,262,491</u>	<u>100.00</u>

NewGen Alternative Income Fund

Schedule of Investment Portfolio (continued)

As at June 30, 2021 (Unaudited)

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Loss
August 16, 2021	USD	CAD	1.212960	(46,411,731)	(47,464,352) \$	(1,052,621)
July 28, 2021	USD	CAD	1.240462	4,996,323	5,118,299	121,976
July 28, 2021	USD	CAD	1.240462	106,171	108,664	2,493
July 28, 2021	USD	CAD	1.240462	86,105	88,445	2,339
July 28, 2021	USD	CAD	1.240462	88,967	91,422	2,455
July 28, 2021	USD	CAD	1.240462	43,581	44,657	1,076
July 28, 2021	USD	CAD	1.240462	949,331	975,003	25,672
July 28, 2021	USD	CAD	1.240462	211,260	217,081	5,821
July 28, 2021	USD	CAD	1.240462	152,419	155,058	2,639
July 28, 2021	USD	CAD	1.240462	97,444	99,237	1,793
July 28, 2021	USD	CAD	1.240462	58,139	58,302	163
July 28, 2021	USD	CAD	1.240462	316,349	318,799	2,450
July 28, 2021	USD	CAD	1.210900	225,277	230,777	5,500
July 28, 2021	USD	CAD	1.219350	6,097	6,202	106
Total unrealized loss on foreign exchange forward contracts					\$	(878,138)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements

For the six-months ended June 30, 2021 and 2020

NewGen Alternative Income Fund (the "Fund") is an alternative mutual fund trust formed and organized under the laws of the Province of Ontario and is governed by a declaration of trust dated January 7, 2019 (the "Declaration of Trust"). The Fund commenced active operations on January 22, 2019. The address of the Fund's registered office is Commerce Court North, Suite 2900, 25 King Street West P.O. BOX 405, Toronto, Ontario, M5L 1G3.

NewGen Asset Management Limited, a corporation established under the laws of the Province of Ontario, is the trustee and portfolio manager of the Fund (the "Manager"). The Manager performs management functions for the Fund, including investment management of the Fund's portfolio. The prime broker and custodian for the Fund is CIBC World Markets Inc.

The Fund's principal investment objective is to provide investors with a combination of steady long-term capital appreciation and a stable stream of income. The Manager will place a strong emphasis on risk management and defensive market positioning in order to reduce beta (i.e., systemic risk) and preserve capital in adverse market conditions. As a result, the objective is to deliver a unique return profile that has a low correlation and low volatility when compared to traditional equity market indices. 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 success of the Fund depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in equities, options, and other instruments and the use of leverage, including derivative hedge risk, market liquidity, short sales, portfolio turnover, foreign currency exposure, foreign market exposure, and interest rate fluctuations.

1. Basis of presentation:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards and International Accounting Standard 34, Interim Financial Reporting (together "IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements were authorized for issue by the Manager on August 16, 2021.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies:

The following is a summary of the Fund's significant accounting policies:

(a) Financial instruments:

Recognition and initial measurement:

The Fund initially recognizes transactions in financial assets and financial liabilities at fair value on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification:

Classification of financial assets is based on the business model for managing the portfolio of assets and the contractual cash flow characteristics of these financial assets. There are three principal classification categories for financial assets that are debt securities: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and FVTPL. Equity securities and derivatives are generally measured at FVTPL unless an election is taken to measure at FVOCI.

Financial assets which are held within a business model where the objective is achieved by holding to collect the contractual cash flows, rather than holding to sell, are measured at amortized cost or FVOCI depending on their contractual cash flow characteristics. The Fund therefore is required to assess the contractual terms of the cash flows to determine the appropriate classification and measurement of its financial assets. For those financial assets which give rise to cash flows that are solely payments of principal and interest, these financial assets are classified and measured at amortized cost. For those financial assets which give rise to cash flows that are other than solely payments of principal and interest, these financial assets are classified and measured at FVTPL.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

The Fund classifies its investments in equities, fixed income, options and warrants as financial assets at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are classified and measured at amortized cost. The Fund's accounting policies for measuring the fair value of its investments and derivatives are consistent with those used in measuring its net asset value ("Trading NAV") for transactions with unitholders.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

(c) Fair value of financial instruments:

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

The three fair value hierarchy levels are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Valuation of investments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active in transactions for the asset or liability that take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at the last sale or close price, where the close price falls within the day's bid-ask spread. In circumstances where the close price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

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

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

Derivative transactions:

The Fund may use derivative contracts to enhance returns of the Fund and to manage risks associated with the investments. The value of the contracts is marked to market on the Valuation Day (being the day the Toronto Stock Exchange ("TSX") is open) and the resultant gains and losses, both realized and unrealized, are recognized in the statements of comprehensive income (loss).

The premium received upon writing a call option is recorded as a deferred credit. Upon expiry of the option or when the option is exercised by its holder, the premium is recognized as a gain and is included in net realized loss on sale of investments in the statements of comprehensive income (loss).

The fair value of swaps is determined by market prices available from independent valuation services (e.g. Bloomberg).

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

(e) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

(f) Investment entity:

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

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

As an investment entity, the Fund is exempted from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at FVTPL.

(g) Derecognition:

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

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

(h) Commissions and other portfolio transaction costs:

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Such costs are expensed and are included in commissions and other portfolio transaction costs in the statements of comprehensive income (loss).

(i) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

(j) Investment transactions and revenue recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

(k) Use of estimates:

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

The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Note 6 – unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

(l) Income taxes:

The Fund is taxable under the Income Tax Act (Canada) (the "Tax Act") on all of its taxable income for the year (including net taxable capital gains), and is permitted a deduction in computing its income tax under the Tax Act for all amounts which are paid or payable in the year to unitholders. As all such amounts are always payable to the unitholders, no tax will be payable on such amounts for the year. Withholding taxes on foreign dividend income are deducted at source.

(m) Translation of foreign currencies:

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on each Valuation Day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains and losses relating to cash and FVTPL assets and liabilities are presented in the statements of comprehensive income (loss) with net realized gain (loss) on sale of investments, including foreign exchange adjustments, and net change in unrealized appreciation in value of investments, including foreign exchange adjustments.

(n) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the period.

Expenses directly attributable to a class are charged directly to that class. Income, realized and unrealized gains and losses from investments and other expenses are allocated proportionately to each class based upon the relative net assets attributable to holders of redeemable units of each class.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

- (o) Increase (decrease) in net assets attributable to holders of redeemable units per unit:

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period.

- (p) Redeemable units:

For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which is included in net assets attributable to holders of redeemable units. Units are redeemable at the option of unitholders at their net asset value on the redemption date. For each unit redeemed, net assets attributable to holders of redeemable units are reduced by the net asset value of the unit at the date of redemption. The redeemable units are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units. These units are classified as financial liabilities due to multiple classes, with non-identical features.

- (q) Other assets and liabilities:

Due from broker, interest and dividends receivable, subscriptions receivable and other receivables are classified as measured at amortized cost. Due to broker, accounts payable and accrued liabilities, redemptions payable, management fees payable, performance fees payable, distributions payable and dividends payable on investments sold short are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature and are carried at amortized cost which approximates fair value.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

2. Significant accounting policies (continued):

(r) Due to/from broker:

The Fund has a prime brokerage agreement with its broker to carry its accounts as a customer. The broker has custody of the Fund's securities and, from time to time, cash balances which may be due from/due to the broker.

Financial instruments and/or cash positions serve as collateral for any amounts due to broker or as collateral for any securities sold, not yet purchased or securities purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Fund.

The Fund is subject to credit risk if the broker is unable to repay balances due or deliver securities in their custody.

(s) Subscriptions receivable:

Subscriptions receivable relate to the issuance of the Fund units for which cash has not yet been received.

(t) Redemptions payable:

Redemptions payable consists of units redeemed during the period for which cash has not yet been paid.

3. Related party transactions:

(a) Management fees:

The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month.

- Class F units: 1.00% per annum
- Class F USD units: 1.00% per annum
- Class G units: 2.00% per annum
- Class G USD units: 2.00% per annum
- Class I units: 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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

3. Related party transactions (continued):

(b) 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.

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.

(c) Related party shareholding:

The Manager and its officers invest in Class I units of the Fund from time to time in the normal course of business. All transactions with the Manager are measured at the exchange amounts. As at June 30, 2021, 92,564.06 Class I units (December 31, 2020 – 14,852.38 Class I units) were owned by the officers of the Manager, which represents \$1,239,895.57 (December 31, 2020 - \$181,617.89) in net assets attributable to holders of redeemable units.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

4. Redeemable units of the Fund:

The Fund is authorized to issue an unlimited number of redeemable units, issuable in an unlimited number of classes/series, each of which represents an equal, undivided, beneficial interest in the net assets attributable to holders of redeemable units of the Fund. Each unit of each class/series entitles the holder to vote, with one vote for each \$1 of net assets attributed to such unit and to participate equally with respect to any and all distributions made by the Fund. Units of a class/series may be consolidated and/or redesignated by the Manager.

The Fund has created Class F, Class F (USD), Class G, Class G (USD) and Class I units. Class F and Class F (USD) units are available to investors who are enrolled in a dealer-sponsored fee arrangement and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class G and Class G (USD) units are available to all investors. Class I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Class I units are generally only available for certain individual investors who make large investments in the Fund. The net asset value of the Fund is calculated in Canadian dollars and the Class F, Class G, and Class I units are denominated in Canadian dollars. Class F (USD) and Class G (USD) units are denominated in US dollars.

The Manager may from time to time, at its discretion, determine the terms upon which units of a Fund will be offered for sale to the public, including the currency at which the subscription price will be paid, and the nature and amount of any fees or charges to be paid by investors in that Fund, whether at the time of purchase or on such other basis as the Manager shall determine.

If the Manager receives a unit purchase order before 4:00 p.m. (Eastern Time) on a Valuation Day, then it will process the order at the unit price calculated later that day. Otherwise, the Manager will process the order at the unit price calculated on the next Valuation Day. The Manager may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

4. Redeemable units of the Fund (continued):

If the Manager receives a redemption order before 4:00 p.m. (Eastern Time) on any Valuation Day, then it will process the order at the unit price calculated later that day. Otherwise, the Manager will process the order at the unit price calculated on the next Valuation Day. The Manager may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

The latest that the Manager will send the redemption proceeds is two business days after the Valuation Day used to process the redemption order. Under exceptional circumstances the Manager may be unable to process the redemption order. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of the Fund's assets are listed and if the Fund's portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, units will also not be issued or redesignated.

If an investor redeems units of the Fund within 90 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders in the Fund, 2% of the net asset value of the units of the particular class of the Fund being redeemed. The Manager also considers excessive short-term trading as a combination of purchases and redemptions that occurs with such frequency within a 30-day period that the Manager believes is detrimental to the Fund's investors.

A unitholder may redesignate all or part of its investment from one class of units to another class of units of the Fund, as long as the unitholder is eligible to hold that class of units. This is called a redesignation.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

4. Redeemable units of the Fund (continued):

The unit activity during the period ended June 30, 2021 and 2020 is as follows :

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
2021					
Class F	14,142,812	10,386,818	(1,196,090)	229,396	23,562,936
Class F US	–	601,874	(9,052)	4,444	597,266
Class G	2,449,899	1,379,733	(152,387)	29,104	3,706,349
Class G US	–	18,859	–	42	18,901
Class I	14,852	85,869	–	1,209	101,930
2020					
Class F	11,275,481	2,768,387	(3,707,830)	117,044	10,453,082
Class G	1,878,028	179,369	(215,541)	15,546	1,857,402
Class I	27,651	2,372	–	551	30,574

(a) Distributions:

The Fund has a policy to make distributions monthly at a rate determined from time to time by the Manager. These distributions are not guaranteed and may change at any time at our discretion. The Fund will also distribute, in respect of each taxation year, any net income and net realized capital gains in excess of the monthly distributions at the end of each taxation year (normally December 31), or at such other times as may be determined by the Manager.

If the monthly distributions exceed the Fund's net income and net realized capital gains for the year, a portion of the Fund's distributions to unitholders may represent return of capital.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

4. Redeemable units of the Fund (continued):

(b) Capital risk management:

The capital of the Fund is represented by issued and redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. In accordance with its investment objective and strategy, and the risk management practices, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

5. Financial risk management:

(a) Management of financial instrument risks:

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

(b) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's financial assets represents the maximum credit risk exposure.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, generally represents the maximum credit risk exposure of the Fund.

The Fund has provided the prime brokers with a general lien over financial assets held in custody as security for the prime broker exposures relating to provision of custody services to the Fund. The Fund's cash is held with Scotiabank and CIBC World Markets Inc., which are rated A-1 and A+ respectively by S&P Global Rating.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

5. Financial risk management (continued):

(b) Credit risk (continued):

To mitigate the risk arising from the Fund's investments in swaps, the Fund only enters into swap contracts with counterparties whose S&P credit ratings are not less than A.

The following table is a summary of the Fund's debt instruments by credit rating, excluding cash, as at June 30, 2021 and December 31, 2020.

Debt instruments by credit rating	Percentage of Net Asset Value	
	June 30, 2021	December 31, 2020
B	2.91	0.34
BB	6.11	7.30
NR	15.58	13.12

Credit ratings are obtained from S&P Global, Moody's and/or Dominion Bond Rating Services. Where one or more ratings are obtained for a security, the lowest rating has been used.

(c) Liquidity risk:

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

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily, directly or indirectly, invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity.

The Fund may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

All financial liabilities are due between one and three months except for net assets attributable to redeemable units.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

5. Financial risk management (continued):

(d) Leverage risk:

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

The aggregate gross exposure of the Fund, to be calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the aggregate value of the Fund's outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

During the period ended June 30, 2021, the Fund's lowest and highest aggregate gross exposure was 104.0% (December 31, 2020 – 48.0%) and 149.0% (December 31, 2020 – 168.0%) of the Fund's NAV, respectively. The primary source of leverage was short positions in equity securities. The low and high end of the range are as a result of the Fund's investing activities, and timing of subscriptions and/or redemptions. The Fund's strategy is outlined in the Simplified Prospectus.

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

(e) Market risk:

(i) Interest rate risk:

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

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

5. Financial risk management (continued):

As the Fund actively manages and hedges interest rate exposure, net assets tend to be affected more by changes in credit spreads rather than changes in interest rates. As at June 30, 2021 and December 31, 2020, the Fund's exposure to debt instruments by maturity and the impact on net assets had the yield curve shifted higher in parallel by 25 basis points, with all other variables held constant ("sensitivity"), are as follows:

Debt instruments* by maturity date	June 30, 2021	December 31, 2020
Less than 1 year	\$ 5,557,796	\$ 51,036,532
1 - 3 years	6,600,836	4,287,267
3 - 5 years	43,002,381	25,643,325
Greater than 5 years	29,512,492	8,630,763
Total exposure	\$ 84,673,505	\$ 89,597,887
Effect in %		
Net assets attributable to holders of redeemable units	0.25	0.47

*Excludes due from broker

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

(ii) Other price risk:

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

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objective and strategy. Except for written options and securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from written options and securities sold short could be unlimited. The Fund's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

5. Financial risk management (continued):

As at June 30, 2021, 71.2% (December 31, 2020 - 64.3%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while 13.1% (December 31, 2020 – 12.6%) of the Fund's net assets attributable to holders of redeemable units were sold short against securities on North American stock exchanges. If security prices on the North American stock exchanges had increased or decreased by 10% as at the year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$20,008,663 or 5.81% (December 31, 2020 - \$9,846,129 or 5.17%) of net assets attributable to holders of redeemable units, respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Currency risk:

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

Currency risk arises from financial instruments that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund.

Currencies to which the Fund had exposure as at June 30, 2021, are as follows:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
June 30, 2021						
U.S. Dollar	\$ (39,503,483)	\$ 47,212,725	\$ 7,709,242	\$ (1,975,174)	\$ 2,360,636	\$ 385,462
% of Net Assets						
Attributable to Holders of Redeemable Units	(11.47)	13.71	2.24	(0.57)	0.69	0.12

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

5. Financial risk management (continued):

Currencies to which the Fund had exposure as at December 31, 2020, are as follows:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2020						
U.S. Dollar	\$ (39,601,905)	\$ 39,406,713	\$ (195,192)	\$ (1,980,095)	\$ 1,970,336	\$ (9,759)
% of Net Assets						
Attributable to Holders of Redeemable Units	(20.78)	20.68	(0.10)	(1.04)	1.03	(0.01)

The amounts in the above table are based on the fair value of the Fund's financial instruments as well as the underlying principal amounts of forward currency contracts, as applicable. Other financial assets (including interest and dividends receivable, subscriptions receivable and other receivables) and financial liabilities (including accounts payable and accrued liabilities, redemptions payable, distributions payable, management fees payable, performance fees payable, dividends payable on investments sold short) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at June 30, 2021, if the Canadian dollar had strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$385,462 (December 31, 2020 - \$9,759). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(f) COVID-19:

Certain impacts from the COVID-19 outbreak may have a significant negative impact on the Fund's operations. These circumstances may continue for an extended period of time and may have an adverse impact on economic and market conditions. The ultimate economic fallout from pandemic, and the long-term impact on economies, markets, industries and individual companies, are not known. The extent of the impact to the financial performance and the operations of the Fund will depend on future developments, which are highly uncertain and cannot be predicted.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

6. Classification of financial instruments - fair value measurements:

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 240,344,140	\$ 1,943,600	\$ 956,917	\$ 243,244,657
Fixed income	24,884,350	53,707,754	6,081,401	84,673,505
Money Market	–	29,996,669	–	29,996,669
Options	1,565,014	–	–	1,565,014
Swap	–	3,405,649	–	3,405,649
Warrants	3,242,389	77,684	1,571,569	4,891,642
	\$ 270,035,893	\$ 89,131,356	\$ 8,609,887	\$ 367,777,136

Liabilities				
Common stocks	\$ 44,779,375	\$ –	\$ –	\$ 44,779,375
Options	221,032	142,187	–	363,219
Forwards	878,138	–	–	878,138
	\$ 45,878,545	\$ 142,187	\$ –	\$ 46,020,732

The changes in investments measured at fair value using significant Level 3 inputs are reflected below:

	Total
Beginning Balance, January 01, 2021	\$ 2,367,203
Purchases	4,771,344
Sales	(170,267)
Realized gains included in net income	160,065
Change in unrealized appreciation included in net income	1,481,542
Ending Balance, June 30, 2021	\$ 8,609,887

There were no significant transfers between the levels during the period.

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 114,768,038	\$ –	\$ 983,840	\$ 115,751,878
Fixed income	14,545,771	24,058,303	1,000,000	39,604,074
Short-term investments	–	49,993,813	–	49,993,813
Subscription receipts	6,091,300	–	–	6,091,300
Options	996,240	–	–	996,240
Swap	–	3,397,457	–	3,397,457
Warrants	645,067	–	383,363	1,028,430
	\$ 137,046,416	\$ 77,449,573	\$ 2,367,203	\$ 216,863,192
Liabilities				
Common stocks	\$ 22,959,204	\$ –	\$ –	\$ 22,959,204
Options	1,080,149	–	–	1,080,149
	\$ 24,039,353	\$ –	\$ –	\$ 24,039,353

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

6. Classification of financial instruments - fair value measurements (continued):

The changes in investments measured at fair value using significant Level 3 inputs are reflected below:

		Total
Beginning Balance, January 01, 2020	\$	3,566,121
Purchases		10,202
Change in unrealized depreciation included in net income		(1,209,120)
Ending Balance, December 31, 2020	\$	2,367,203

During the year ended December 31, 2020, certain fixed income securities were transferred from Level 1 to Level 2 due to the lack of active markets observed for these securities on the measurement date. As at December 31, 2020 and 2019, the fair values of these fixed income securities were \$8,627,750 and \$9,413,303.

Unrealized gain (loss) recognized for Level 3 investments are reported in net change in unrealized appreciation in value of investments, including foreign exchange adjustments in the statements of comprehensive income (loss).

Significant unobservable inputs in measuring fair value:

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy:

Description	Valuation technique	Unobservable input	Sensitivity to changes in significant unobservable inputs	Fair value at June 30, 2021	Fair value at December 31, 2020
Warrants	Black-Scholes model	Market volatility	-	\$ 1,571,569	\$ 383,363
Unlisted private investment	Recent transaction price	N/A	N/A	956,917	983,840
Unlisted convertible debt	Cost	Valued at cost base	N/A	6,081,401	1,000,000
				\$ 8,609,887	\$ 2,367,203

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

7. Derivative financial instruments:

The Fund holds the following derivative instruments:

Warrants:

A warrant is a contractual arrangement under which the issuer grants the holder the right, but not the obligation, either to buy at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price directly from the issuer of the underlying securities. The Fund is exposed to price risk on purchased warrants only to the extent of their carrying amount, which is their fair value.

The following table detail the Fund's investments in warrants as at June 30, 2021:

Description	Maturity Date	Strike price	Notional Amount	Fair value
Canopy Growth Corp.	19-Feb-24	\$ 0.40	\$ 4,840,000	\$ 1,331,000
Taiga Motors Corp.	31-Dec-26	\$ 17.25	473,513	\$ 77,684
Theralase Technologies Inc.	22-Aug-24	\$ 0.35	350,000	\$ 147,500
Antibe Therapeutics Inc.	24-Feb-24	\$ 7.50	2,475,000	\$ 55,834
Braxia Scientific Corp.	11-Jun-22	\$ 1.15	146,280	\$ -
Fosterville South Exploration Ltd.	14-May-22	\$ 2.00	40,000	\$ 351
GR Silver Mining Ltd	28-Aug-21	\$ 0.74	281,200	\$ 22,942
Ionic Brands Corp.	16-May-22	\$ 0.90	2,999,250	\$ 10
Lion One Metals Ltd	21-Aug-21	\$ 2.35	822,500	\$ -
Nabis Holdings Inc.	26-Mar-22	\$ 1.10	1,222,100	\$ 5,555
OrganiGram Holdings Inc.	12-Nov-23	\$ 2.50	532,500	\$ 287,836
Orla Mining Ltd \$3	18-Dec-26	\$ 3.00	780,000	\$ 712,000
Plus Products Inc. \$1.10	28-Feb-24	\$ 1.10	322,113	\$ 3,493
Plus Products Inc.	28-Feb-24	\$ 8.00	462,000	\$ 1,155
Talon Metals Corp.	18-Mar-22	\$ 0.80	667,960	\$ 5,677
TransCanna Holdings Inc.	07-Jun-22	\$ 6.00	300,000	\$ -
FG New America Acquisition Corp.	31-Aug-27	\$ 11.50	1,155,750	\$ 274,263
Mercer Park Brand Acquisition Corp.	24-Jun-24	\$ 11.50	2,666,275	\$ 920,315
Northern Genesis Acquisition Corp II	31-Dec-27	\$ 11.50	585,730	\$ 104,879
Northern Genesis Acquisition Corp III	31-Dec-27	\$ 11.50	945,875	\$ 146,919
RMG Acquisition Corp II	27-Dec-25	\$ 11.50	478,400	\$ 86,177
TPCO Holding Corp.	15-Jan-26	\$ 11.50	1,707,175	\$ 230,181
Denison Mines Corp.	19-Feb-23	\$ 2.00	500,000	\$ 14,190
Gryphon Digital Mining Inc. \$18.973	29-Jun-24	\$ 18.97	3,249,942	\$ 440,362
Synaptive Medical Inc.	06-Dec-22	\$ 3.75	578,569	\$ 23,319

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

7. Derivative financial instruments (continued):

The following table detail the Fund's investments in warrants as at December 31, 2020:

Description	Maturity Date	Strike price	Notional Amount	Fair value
BetterLife Pharma Inc.	15-May-21	\$ 0.35	\$ 70,000	\$ 7,449
Champignon Brands Inc.	11-Jun-22	1.15	146,280	5,480
Fosterville South Exploration Ltd.	14-May-22	2.00	40,000	8,734
Ionic Brands Corp.	16-May-22	0.90	2,999,250	–
Lion One Metals Ltd.	21-Aug-21	2.35	822,500	4,030
Marathon Gold Corp.	26-May-21	1.90	302,860	160,463
Nabis Holdings Inc.	26-Mar-22	1.10	1,222,100	5,555
OrganiGram Holdings Inc.	12-Nov-23	2.50	1,365,000	109,191
Plus Products Inc.	28-Feb-24	8.00	462,000	1,733
Theralase Technologies Inc.	22-Aug-24	0.35	350,000	16,765
TransCanna Holdings Inc.	7-Jun-22	6.00	300,000	–
Unlisted Equinox Gold	15-Jan-21	13.50	2,659,500	46,800
Mercer Park Brand Acquisition Corp.	24-Jun-24	11.50	2,833,025	314,182
Subversive Capital Acquisition Corp.	26-Aug-24	11.50	1,707,175	312,387
Synaptive Medical Inc.	6-Dec-22	3.75	578,569	35,661

Options:

An option is the right to buy (a call option) or to sell (a put option) a specified amount or value of a particular underlying interest (e.g. equity securities, stock indices, government debt securities, commodity or foreign currencies) at a fixed exercise price by exercising the option before its expiration date. The option may also be settled in cash, based on the difference between the exercise settlement value and the fixed exercise price.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

7. Derivative financial instruments (continued):

The following table summarizes the Fund's investments in options as at June 30, 2021:

Description	Maturity Date	Strike price	Notional Amount
Air Canada Call \$25	16-Jul-21	\$ 25.00	\$ 5,930,000
iShares S&P/TSC 60 Index ETF Put \$30	16-Jul-21	30.00	25,020,000
SSR Mining Call \$17	16-Jul-21	17.00	5,191,800
West Fraser Timber Co., Ltd Call \$86	16-Jul-21	86.00	3,225,000
SSR Mining Call \$17	17-Sep-21	17.00	1,997,500
VIX 7 X22 Call \$22	21-Jul-21	22.00	2,257,200
Air Canada Call \$33	16-Jul-21	33.00	(8,893,500)
Air Canada Put \$15	16-Jul-21	15.00	(3,558,000)
iShares S&P/TSX 60 Index ETF Put \$28.50	16-Jul-21	28.50	(23,769,000)
SSR Mining Inc. Call \$20	16-Jul-21	20.00	(6,108,000)
West Fraser Timber Co., Ltd. Call \$96	16-Jul-21	96.00	(3,600,000)
West Fraser Timber Co., Ltd. Put \$72	16-Jul-21	72.00	(2,700,000)
SSR Mining Inc. Call \$20	17-Sep-21	20.00	(2,350,000)
SSR Mining Inc. Put \$13	16-Jul-21	13.00	(2,442,700)
SSR Mining Inc. Put \$13	17-Sep-21	13.00	(1,527,500)
VIX 7 C32.5 Call \$32.50	21-Jul-21	32.50	(3,334,500)

The following table summarizes the Fund's investments in options as at December 31, 2020:

Description	Maturity Date	Strike price	Notional Amount
Air Canada Call \$25	16-Jul-21	\$ 25.00	\$ 5,930,000
Air Canada Call \$30	16-Jul-21	30.00	(7,116,000)
Air Canada Put \$15	16-Jul-21	15.00	(3,558,000)
Equinox Gold Corp. Call \$10	15-Jan-21	10.00	(1,970,000)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

7. Derivative financial instruments (continued):

Swaps

A swap is a commitment to exchange one set of payments for another set of payments. Swaps are settled by each party delivering its respective set of payments to the other or by settling a cash payment representing the value of the contract.

The following table details the Fund's investments in swaps as at June 30, 2021:

Description	Settlement date	Quantity	Notional Amount	Fair value
Royal Bank of Canada Prepaid Dividend Swap	31-Dec-21	3,413,500	\$ 1,103,500	\$ 3,405,649

The following table details the Fund's investments in swaps as at December 31, 2020:

Description	Settlement date	Quantity	Notional Amount	Fair value
Royal Bank of Canada Prepaid Dividend Swap	31-Dec-21	3,413,500	\$ 1,103,500	\$ 3,397,457

8. Expenses:

The Manager has the power to incur and make payment out of the Fund's property any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Trust Agreement, including without limitation all fees and expenses relating to the management and administration of the Fund.

The Fund pays its own brokerage commissions for portfolio transactions, fees associated with securities lending transactions and related transaction fees operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, brokerage commissions and fees (if applicable), taxes, audit and legal fees, fees of the members of the independent review committee ("IRC"), costs and fees in connection with the operation of the IRC (including the costs of holding meetings, and fees and expenses of any advisers engaged by the IRC), safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2021 and 2020 is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units per Class	Weighted Average of Redeemable Units Outstanding During the Period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
June 30, 2021			
Class F	\$ 17,872,435	19,463,456	\$ 0.92
Class F US	152,720	301,861	0.51
Class G	2,673,479	3,111,205	0.86
Class G US	5,344	16,279	0.33
Class I	78,479	69,496	1.13
June 30, 2020			
Class F	\$ (2,736,311)	10,763,322	\$ (0.25)
Class G	(326,207)	1,878,237	(0.17)
Class I	(2,018)	29,571	(0.07)

10. Income tax:

The Fund qualifies as a mutual fund trust under the provisions of the Tax Act and, accordingly, is not subject to tax on its net taxable income for the tax year ending in December, including net realized capital gains, that is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains that is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

As at December 31, 2020, the Fund had net capital loss carryforwards of \$5,082,669 (2019 – \$3,259,628) and non-capital loss carryforwards of nil (2019 – nil).

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

11. Brokerage commissions and soft dollars:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Fund's statements of comprehensive income (loss). Brokerage business is allocated in good faith based on which broker can deliver to the Fund the best results in relation to order execution and research services utilized. Subject to these criteria, the Manager may allocate business to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. The ascertainable "soft dollar" value received as a percentage of total commissions and other portfolio transaction costs paid during the periods ended June 30, 2021 and 2020, is disclosed below.

	June 30, 2021	June 30, 2020
Soft dollar relationships	3	3
Percentage of total commissions and other portfolio transaction costs	3.86%	2.22%

12. Involvement with unconsolidated structured entities:

The Fund has determined that all of the other funds ("Investee Funds") in which it invests are unconsolidated structured entities. This represents a significant judgment by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing shares that entitle the holders to proportional stakes in the respective funds' net assets. The Fund holds redeemable shares in each of its Investee Funds. During the period ended June 30, 2021 and the year ended December 31, 2020, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The change in fair value of each Investee Fund is included in the statements of comprehensive income (loss) in net change in unrealized appreciation in value of investments, including foreign exchange adjustments.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

12. Involvement with unconsolidated structured entities (continued):

The table below describes the types of structured entity that the Fund does not consolidate but in which it holds an interest as at June 30, 2021 and December 31, 2020:

June 30, 2021

Type	Number of Investee Funds	Net assets value of Investee Funds	Investment fair value	% of net assets attributable to holders of redeemable units
Real estate investment trusts	1	\$ 2,933,730,000	\$ 6,728,848	2%

December 31, 2020

Type	Number of Investee Funds	Net assets value of Investee Funds	Investment fair value	% of net assets attributable to holders of redeemable units
Real estate investment trusts	1	\$ 2,876,449,000	\$ 3,866,604	2%

Investee Funds included the following:

June 30, 2021	Currency per financial statement	Foreign exchange (DIA FX rate)	Total NAV per financial statement	Total NAV in Canadian dollars
Boardwalk REIT	Canadian dollar	1.000000 \$	2,933,730,000 \$	2,933,730,000

December 31, 2020	Currency per financial statement	Foreign exchange (DIA FX rate)	Total NAV per financial statement	Total NAV in Canadian dollars
Boardwalk REIT	Canadian dollar	1.000000 \$	2,876,449,000 \$	2,876,449,000

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2021 and 2020

12. Involvement with unconsolidated structured entities (continued):

The Fund may invest in or hold a short position of shares of Investee Funds as part of its investment strategies. The nature and purpose of these Investee Funds, generally, is because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors, and they are financed through the issue of shares to stakeholders. The maximum exposure to loss from interests in short positions can be unlimited.

The fair value of these Investee Funds, if any, are disclosed in investments in the statements of financial position and listed in the schedule of investments.