



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

For the period from January 29, 2021 (date of formation) to December 31, 2021

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# **NEWGEN FOCUSED ALPHA FUND**

## **MANAGEMENT REPORT OF FUND PERFORMANCE**

### **Financial Highlights – December 31, 2021**

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This annual Management Report of Fund Performance (“MRFP”) contains financial highlights but does not contain the Fund’s complete annual Financial Statements. You can obtain a free copy of the 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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## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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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 December 31, 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 audited 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 the Canadian investment universe. It may also invest up to 20% of its NAV in securities of listed in the U.S. or in 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.

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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

#### *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.

The COVID-19 virus is a fading risk to the global recovery. The ultimate economic fallout from the on-going pandemic, and the long-term impact on economies, markets, industries and individual companies remain uncertain.

In late February of 2022, Russia entered into armed conflict with Ukraine, causing a disruption in the supply of energy resources, the imposition of economic sanctions on Russia and the halting of Russian market trading. The Fund has no exposure to securities directly exposed to Russia or Ukraine.

### Results of Operations

The Fund commenced active operations on March 30, 2021. During the period from March 30, 2021 to December 31, 2021, Class C units returned 23.02%, Class F units returned 23.02%, Class G units returned 22.07% and Class I units returned 28.61%, after fees. By comparison, the S&P/TSX Composite Index was up 25.09% on a total return basis. 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 date of formation) to December 31, 2021 to \$20.6 million, with the main changes to equity derived through a combination of \$19.7 million in net inflows, \$1.5 million in distributions and \$2.4 million in net income.

Canadian equities commenced 2021 with strength driven by the optimism about the vaccine roll-out, highly accommodative monetary policy, a strong economic rebound and corporate earnings growth. By the second quarter when the Fund commenced operations, the market continued to rally, albeit with periods of heightened volatility and frequent sector rotations, as concerns about inflation and increasingly hawkish messaging from the FED began to drive bond yields higher. As the year progressed, the growth narrative came into question due to periods of surging covid variant cases along with major supply chain constraints. However, the year concluded on an optimistic tone with equities rallying into year-end.

During the period from March 30, 2021, to December 31, 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 0.0% 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 December 31, 2021, the Fund's aggregate gross exposure was 73.2%. The primary source of leverage was short positions in equity securities.

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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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 December 31, 2021, the Fund incurred management fees of \$64,761 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 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 December 31, 2021, the total performance fees incurred were \$377,490.

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.

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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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 period since the inception date in 2021.

<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>10.00</b>
<b>Increase (decrease) from operations</b>	
Total revenue	0.07
Total expenses	(0.76)
Realized gain for the period	2.08
Unrealized gain for the period	0.87
<b>Total increase from operations (2)</b>	<b>2.26</b>
<b>Distributions:</b>	
From net income (excluding dividends)	(1.45)
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	<b>(1.45)</b>
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.36</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 16,984,281
Number of units outstanding (4)	1,494,906
Management expense ratio (5)	5.80%
Trading expense ratio (6)	2.04%
Portfolio turnover rate (7)	571.05%
<b>Net Asset Value per Unit</b>	<b>11.36</b>

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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<b>The Fund's Net Asset Value (NAV) per Class F Unit (1)</b>	<b>2021</b>
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations</b>	
Total revenue	0.07
Total expenses	(0.68)
Realized gain for the period	2.34
Unrealized gain for the period	0.43
<b>Total increase from operations (2)</b>	<b>2.16</b>
<b>Distributions:</b>	
From net income (excluding dividends)	(2.30)
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	<b>(2.30)</b>
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.50</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 537,068
Number of units outstanding (4)	46,693
Management expense ratio (5)	5.25%
Trading expense ratio (6)	2.04%
Portfolio turnover rate (7)	571.05%
<b>Net Asset Value per Unit</b>	<b>11.50</b>

# NEWGEN FOCUSED ALPHA FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2021

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<b>The Fund's Net Asset Value (NAV) per Class G Unit (1)</b>	<b>2021</b>
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations</b>	
Total revenue	0.07
Total expenses	(0.83)
Realized gain for the period	2.03
Unrealized gain for the period	0.80
<b>Total increase from operations (2)</b>	<b>2.07</b>
<b>Distributions:</b>	
From net income (excluding dividends)	(1.16)
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	<b>(1.16)</b>
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.30</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 593,417
Number of units outstanding (4)	52,515
Management expense ratio (5)	6.42%
Trading expense ratio (6)	2.04%
Portfolio turnover rate (7)	571.05%
<b>Net Asset Value per Unit</b>	<b>11.30</b>

# 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 December 31, 2021

<b>The Fund's Net Asset Value (NAV) per Class I Unit (1)</b>	<b>2021</b>
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations</b>	
Total revenue	0.07
Total expenses	(0.30)
Realized gain for the period	1.96
Unrealized gain for the period	1.20
<b>Total increase from operations (2)</b>	<b>2.93</b>
<b>Distributions:</b>	
From net income (excluding dividends)	(1.68)
From dividends	-
From capital gains	-
Return of capital	-
<b>Total Annual Distributions (2) (3)</b>	<b>(1.68)</b>
<b>Net assets attributable to holders of redeemable units, end of period (2)</b>	<b>11.26</b>
<b>Ratios and Supplemental Data</b>	
Total Net Asset Value (4)	\$ 2,489,767
Number of units outstanding (4)	221,079
Management expense ratio (5)	1.90%
Trading expense ratio (6)	2.04%
Portfolio turnover rate (7)	571.05%
<b>Net Asset Value per Unit</b>	<b>11.26</b>

**Notes:**

- (1) This information is derived from the Fund's financial statements for December 31, 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 December 31, 2021.
- (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.
- (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.

### December 31, 2021

	Class C	Class F	Class G	Class I
<b>MER excluding performance fees</b>	1.87%	1.77%	2.88%	1.90%
<b>MER including performance fees</b>	5.80%	5.25%	6.42%	1.90%

# 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 December 31, 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 December 31, 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 December 31, 2021.

#### Portfolio Composition

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Sector Allocation	% of Net Assets Value
<b>Long Allocations</b>	
Basic Materials	15.97
Communications	2.79
Consumer, Cyclical	15.10
Consumer, Non-cyclical	2.46
Energy	8.23
Financial	9.59
Industrial	1.79
Technology	11.48
Utilities	2.22
Cash And Other Net Assets	31.87
<b>Total Long Allocations</b>	<u>101.50</u>
<b>Short Allocations</b>	
Basic Materials	(0.35)
Technology	(1.15)
<b>Total Short Allocations</b>	<u>(1.50)</u>
<b>Total Net Assets Value (000's)</b>	<b>\$ 20,604.53</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).

# NEWGEN ALTERNATIVE INCOME FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – December 31, 2019

### 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	31.86	Spectra7 Microsystems Inc.	(1.15)
Lightspeed Commerce Inc.	3.69	Appia Rare Earths & Uranium Corp.	(0.35)
Champion Iron Ltd.	3.68	<b>Total Short Positions</b>	<b>(1.50)</b>
Solaris Resources Inc.	3.48		
Hardwoods Distribution Inc.	3.41		
Kelt Exploration Ltd.	3.39		
AutoCanada Inc.	3.36		
Cineplex Inc.	3.30		
Trisura Group Ltd.	3.17		
Canaccord Genuity Group Inc.	3.04		
Karora Resources Inc.	2.88		
Pet Valu Holdings Ltd.	2.85		
Precision Drilling Corp.	2.82		
Shaw Communications Inc.	2.79		
Alaris Equity Partners Income	2.74		
VerticalScope Holdings Inc.	2.44		
Spectra7 Microsystems Inc. RSTD 26FEB2022	2.33		
TransAlta Corp.	2.22		
New Found Gold Corp.	2.18		
Trican Well Service Ltd.	2.02		
ABC Technologies Holdings Inc.	1.97		
AirBoss of America Corp.	1.79		
Dye & Durham Ltd.	1.76		
Capstone Mining Corp.	1.73		
Parkit Enterprise Inc.	1.62		
<b>Total Long Positions</b>	<b>96.52</b>		

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

**95.02**