

Financial Statements of

**NEWGEN ALTERNATIVE
INCOME FUND**

For the six-months ended June 30, 2023 and 2022

(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 15, 2023

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, 2023 and December 31, 2022

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 20,772	\$ 432,914
Due from broker	11,288,641	1,285,298
Investments owned, at fair value through profit or loss (note 6)	463,215,278	487,995,838
Interest and dividends receivable	9,007,003	3,610,192
Subscriptions receivable	682,216	1,017,686
Other receivables	215,745	459,811
Prepaid expenses	48,673	22,235
Unrealized appreciation of derivatives (note 2, 6)	1,646,538	–
	<u>486,124,866</u>	<u>494,823,974</u>
LIABILITIES		
Current liabilities		
Due to broker	9,186,142	14,834,357
Investments sold short, at fair value through profit or loss (note 6)	79,259,309	64,442,849
Accounts payable and accrued liabilities	255,527	370,146
Redemptions payable	701,337	395,987
Distributions payable	738,630	3,680,942
Management fees payable (note 3)	363,831	37,111
Performance fees payable (note 3)	3,712	–
Dividends payable on investments sold short	191,150	55,926
Unrealized depreciation of forward contracts (note 2, 6)	264,962	5,338
	<u>90,964,600</u>	<u>83,822,656</u>
Net assets attributable to holders of redeemable units	\$ 395,160,266	\$ 411,001,318
Net assets attributable to holders of redeemable units per Class		
Class F	\$ 345,993,181	\$ 358,698,142
Class F US	8,597,407	11,354,207
Class G	39,368,433	39,238,885
Class G US	158,701	298,319
Class I	1,042,544	1,411,765
	<u>\$ 395,160,266</u>	<u>\$ 411,001,318</u>
Number of redeemable units outstanding (note 4)		
Class F	31,234,127	31,537,873
Class F US	712,563	898,339
Class G	3,709,573	3,600,352
Class G US	13,794	24,775
Class I	88,089	116,611

NEWGEN ALTERNATIVE INCOME FUND

Statements of Financial Position (Unaudited) (continued) As at June 30, 2023 and December 31, 2022

	June 30, 2023		December 31, 2022
Net assets attributable to holders of redeemable units per unit			
Class F	\$ 11.08	\$	11.37
Class F US	12.07		12.64
Class G	10.61		10.90
Class G US	11.51		12.04
Class I	11.84		12.11
Class F US (in US Dollars)	9.12		9.34
Class G US (in US Dollars)	8.70		8.90

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 Loss (Unaudited) For the six-months ended June 30, 2023 and 2022

	2023	2022
Income		
Dividends	\$ 15,616,649	\$ 19,239,405
Interest income for distribution purposes	9,203,895	4,340,575
Net realized loss on sale of investments, including foreign exchange adjustments	(1,157,063)	(3,950,499)
Net change in unrealized depreciation in value of investments, including foreign exchange adjustments	(19,432,025)	(19,972,785)
Net realized (loss) gain on forward contracts	(635,251)	88,770
Net change in unrealized appreciation (depreciation) on derivatives (note 2)	1,386,914	(694,519)
Other income	23,847	–
	<u>5,006,966</u>	<u>(949,053)</u>
Expenses		
Management fees (note 3)	2,459,056	2,573,610
Commissions and other portfolio transaction costs	1,317,469	812,490
Interest and borrowing fees	858,782	258,755
Dividends paid on investments sold short	573,979	543,469
Operating costs	297,041	276,319
Audit fees	55,417	53,461
Legal fees	38,496	30,034
Performance fees (note 3)	29,395	872,828
Withholding tax	–	1,134
	<u>5,629,635</u>	<u>5,422,100</u>
Decrease in net assets attributable to holders of redeemable units	<u>\$ (622,669)</u>	<u>\$ (6,371,153)</u>
Decrease in net assets attributable to holders of redeemable units per Class		
Class F	\$ (183,672)	\$ (5,463,438)
Class F US	(162,414)	(1,283)
Class G	(283,946)	(902,951)
Class G US	(3,416)	7,467
Class I	10,779	(10,948)
	<u>\$ (622,669)</u>	<u>\$ (6,371,153)</u>
Decrease in net assets attributable to holders of redeemable units per unit (note 9)		
Class F	\$ (0.01)	\$ (0.18)
Class F US	(0.19)	–
Class G	(0.08)	(0.22)
Class G US	(0.16)	0.11
Class I	0.10	(0.10)

NEWGEN ALTERNATIVE INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) For the six-months ended June 30, 2023 and 2022

	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 (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
2023							
Class F	\$ 358,698,142	\$ 48,105,288	\$ (56,711,367)	\$ (9,183,218)	\$ 5,268,008	\$ (183,672)	\$ 345,993,181
Class F US	11,354,207	491,677	(2,989,408)	(268,438)	171,783	(162,414)	8,597,407
Class G	39,238,885	4,507,850	(3,810,760)	(834,009)	550,413	(283,946)	39,368,433
Class G US	298,319	–	(133,500)	(4,925)	2,223	(3,416)	158,701
Class I	1,411,765	70,000	(450,000)	(36,028)	36,028	10,779	1,042,544
	<u>\$ 411,001,318</u>	<u>\$ 53,174,815</u>	<u>\$ (64,095,035)</u>	<u>\$ (10,326,618)</u>	<u>\$ 6,028,455</u>	<u>\$ (622,669)</u>	<u>\$ 395,160,266</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, 2023 were \$777,980 and \$(777,980), 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	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
2022							
Class F	\$ 348,354,902	\$ 81,860,037	\$ (50,548,215)	\$ (7,682,455)	\$ 5,054,807	\$ (5,463,438)	\$ 371,575,638
Class F US	8,537,112	3,225,094	(754,618)	(213,588)	137,380	(1,283)	10,930,097
Class G	47,010,794	5,838,727	(4,741,609)	(769,462)	549,950	(902,951)	46,985,449
Class G US	1,008,693	41,066	(358,057)	(13,267)	7,025	7,467	692,927
Class I	1,290,594	100,000	–	(35,044)	35,044	(10,948)	1,379,646
	<u>\$ 406,202,095</u>	<u>\$ 91,064,924</u>	<u>\$ (56,402,499)</u>	<u>\$ (8,713,816)</u>	<u>\$ 5,784,206</u>	<u>\$ (6,371,153)</u>	<u>\$ 431,563,757</u>

** Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2022 were \$1,461,818 and \$(1,461,818), respectively.

NEWGEN ALTERNATIVE INCOME FUND

Statements of Cash Flows (Unaudited)

For the six-months ended June 30, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operating Activities		
Decrease in net assets attributable to holders of redeemable units	\$ (622,669)	\$ (6,371,153)
Adjustments for non-cash items		
Net realized loss on sale of investments, including foreign exchange adjustments	1,157,063	3,950,499
Net change in unrealized depreciation in value of investments, including foreign exchange adjustments	19,432,025	19,972,785
Net change in unrealized (appreciation) depreciation on derivatives	(1,386,914)	694,519
Change in non-cash balances		
Increase in due from broker	(10,003,343)	(6,246,262)
(Increase) decrease in interest and dividends receivable	(5,396,811)	244,474
Decrease (increase) in other receivables	244,066	(70,528)
Increase in prepaid expenses	(26,438)	(9,850)
Decrease in due to broker	(5,648,215)	-
Decrease in accounts payable and accrued liabilities	(114,619)	(170,802)
Increase in management fees payable	326,720	373,391
Increase (decrease) in performance fees payable	3,712	(108,801)
Increase in dividends payable on investments sold short	135,224	12,256
Proceeds from sale of investments	1,540,097,041	799,853,930
Purchase of investments	(1,521,236,964)	(843,229,397)
	<u>16,959,878</u>	<u>(31,104,939)</u>
Cash provided by (used in) operating activities		
Financing Activities		
Proceeds from redeemable units issued	52,732,305	89,168,642
Amount paid on redemption of redeemable units	(63,011,705)	(54,830,166)
Distributions to holders of redeemable units, net of reinvestments	(7,240,475)	(3,206,754)
	<u>(17,519,875)</u>	<u>31,131,722</u>
Cash (used in) provided by financing activities		
(Decrease) increase in cash during the period	(559,997)	26,783
Foreign exchange gain (loss) on cash	147,855	(27,281)
Cash, beginning of period	432,914	18,988
	<u>20,772</u>	<u>18,490</u>
Cash, end of period	\$	\$
Supplemental information*		
Interest paid	\$ 841,136	\$ 1,405
Interest received	9,297,263	4,148,795
Dividends paid	438,754	531,213
Dividends received, net of withholding taxes	10,126,469	19,674,526

*Included as a part of cash flows from operating activities

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2023

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
7,000	ABC Technologies Holdings Inc.	\$ 38,315	\$ 41,647	0.01
125,000	Agnico Eagle Mines Ltd.	8,856,743	8,268,750	2.09
610,100	Alaris Equity Partners Income	8,849,050	9,243,015	2.34
271,100	Capital Power Corp.	11,329,048	11,413,310	2.89
600,000	Cardinal Energy Ltd.	4,652,700	3,948,000	1.00
551,700	CI Financial Corp.	7,272,250	8,297,568	2.10
170,000	Enbridge Inc.	7,591,924	8,360,600	2.12
40,000	Enbridge Inc. Preferred Shares 5.086%	709,600	709,600	0.18
222,700	Exchange Income Corp.	10,394,654	11,671,707	2.95
349,600	Gibson Energy Inc.	7,174,106	7,282,168	1.84
9,573,952	Ionic Brands Corp.	403,378	–	–
9,065,629	Ionic Brands Corp. Class D PFD	2,719,961	–	–
300,900	Labrador Iron Ore Royalty Corp.	9,533,015	9,351,972	2.37
525,000	Logan Energy Corp CA	173,250	564,375	0.14
750,000	Minto Apartment Real Estate Investment Trust	10,807,661	11,265,000	2.85
429,100	NFI Group Inc.	3,673,655	4,896,031	1.24
145,800	Nutrien Ltd.	11,251,364	11,403,018	2.89
263,300	Open Text Corp.	12,730,625	14,507,830	3.67
133,125	Osisko Green Acquisition Ltd - Class B Shares	466	1,369,191	0.35
532,500	Osisko Green Acquisition Ltd.	5,112,000	5,476,763	1.39
250,000	Parkland Corp.	8,356,500	8,250,000	2.09
430,957	Pasofino Gold Ltd.	472,300	142,216	0.04
170,000	Pembina Pipeline Corp.	9,014,505	7,080,500	1.79
272,730	Pet Valu Holdings Ltd.	9,899,192	8,290,992	2.10
150,900	Stelco Holdings Inc.	6,827,365	6,521,898	1.65
252,900	The North West Co Inc.	8,144,309	7,941,060	2.01
13,600	Thomson Reuters Corp. Preferred Shares 0%	177,201	178,160	0.05
137,000	Tourmaline Oil Corp.	8,205,290	8,551,540	2.16
476,000	TransAlta Corp.	5,152,149	5,902,400	1.49
68,000	TransCanada Corp. Preferred Shares 2.31%	981,920	986,000	0.25
335,000	Transcontinental Inc.	5,012,820	4,911,100	1.24
750,000	Whitecap Resources Inc.	7,899,225	6,952,500	1.76
		<u>193,416,541</u>	<u>193,778,911</u>	<u>49.05</u>
Canadian fixed income				
1,815,000	Aecon Group Inc. 5% 31DEC23	1,800,934	1,807,477	0.46
8,275,000	AutoCanada Inc. 5.75% 07FEB29	8,057,640	6,974,005	1.76
2,000,000	Bonterra Energy Corp. 9% 20OCT25	2,000,000	2,000,000	0.51
5,000,000	Brookfield Property Finance ULC 7.125% 13FEB28	5,004,198	4,670,350	1.18
1,485,000	Canadian Government Bond 1.50% 01JUN31	1,285,861	1,293,873	0.33
5,000,000	Cineplex Inc. 7.50% 26FEB26	5,190,000	4,867,075	1.23
4,498,000	Corus Entertainment Inc. 5% 11MAY28	4,455,347	3,162,859	0.80
2,900,000	Corus Entertainment Inc. 6% 28FEB30	2,189,500	2,010,599	0.51
4,050,000	Doman Building Materials Group Ltd. 5.25% 15MAY26	3,947,625	3,659,803	0.93
7,000,000	Dye & Durham Ltd. 3.75% 01MAR26	7,063,096	5,451,600	1.38
4,500,000	Ford Credit Canada Co. 7.375% 12MAY26	4,511,250	4,510,575	1.14
2,000,000	Good Natured Products Inc. 7% 31OCT26	2,000,000	1,469,800	0.37

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2023

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian fixed income (continued)				
4,000,000	Intact Financial Corp. 7.338% 30JUN83	\$ 4,015,000	\$ 3,959,000	1.00
212,500	Ionic Brands Corp. 10% 16MAY2023 CONV. \$0.30	212,500	114,750	0.03
2,500,000	Northland Power Inc. 9.25% 30JUN83	2,475,350	2,514,738	0.64
3,944,000	NorthWest Healthcare Properties Real Estate Investment Trust 5.50% 31DEC23	3,874,526	3,889,198	0.98
5,500,000	NuVista Energy Ltd. 7.875% 23JUL26	5,513,953	5,599,358	1.42
3,000,000	Parkland Corp. 4.375% 26MAR29	3,025,500	2,621,400	0.66
3,000,000	Royal Bank of Canada 5.228% 24JUN30	3,000,000	3,021,180	0.76
3,565,000	RSTD 21AUG2023	3,565,000	3,565,000	0.90
4,000,000	Videotron Ltd. 4.50% 15JAN2030	4,000,000	3,496,120	0.88
		<u>77,187,280</u>	<u>70,658,760</u>	<u>17.87</u>
Canadian Money Market				
40,000,000	Bank of Nova Scotia BA 25SEP2023	39,504,800	39,526,567	10.00
50,000,000	Bank of Nova Scotia BA 28AUG2023	49,572,000	49,599,175	12.55
50,000,000	Bank of Nova Scotia BA 28JUL2023	49,782,000	49,815,030	12.61
		<u>138,858,800</u>	<u>138,940,772</u>	<u>35.16</u>
Canadian option				
179,900	Rogers Communications Inc. Call \$60 18AUG23	217,679	366,996	0.09
Canadian warrants				
330,000	Antibe Therapeutics Inc. \$7.50 24FEB2024	412,434	–	–
112,000	Bonterra Energy Corp \$7.75 20OCT2025	–	108,656	0.03
12,100,000	Canopy Growth Corp. \$0.40 19FEB24	484,000	60,500	0.02
213,000	OrganiGram Holdings Inc. \$2.50 12NOV2023	–	10	0.00
260,000	Orla Mining Ltd \$3 18DEC2026	443,300	804,276	0.20
297,770	Osisko Green Acquisition Limited \$11.50 - Funding 19JUL2026	297,770	23,822	0.01
266,250	Osisko Green Acquisition Ltd. \$11.50 19JUL26	191,700	21,300	0.01
292,830	Plus Products Inc. \$1.10 28FEB2024	–	22	0.00
57,750	Plus Products Inc. \$8 28FEB2024	–	1,155	0.00
900,000	Theralase Technologies Inc. \$0.35 22AUG2024	–	72,000	0.02
5,941,667	Trillion Energy International Inc. \$0.50 29JUN25	–	950,667	0.24
525,000	Logan Energy Corp \$0.35 31JUL2023	10,500	380,858	0.10
		<u>1,839,704</u>	<u>2,423,266</u>	<u>0.63</u>
U.S. equities				
362,706	EBET Inc.	340,600	56,653	0.01
3,867	Esports Technologies Inc. 14% PFD CONV. \$28	5,936,527	3,685,498	0.93
500	Insurance Supermarket Inc. - Class C Series 1	631,200	2,078,791	0.53
6	International Lease Finance Corp. Preferred Shares 11.132%	761,203	764,437	0.19
308,571	Synaptive Medical Inc.	715,824	1,021,139	0.26
		<u>8,385,354</u>	<u>7,606,518</u>	<u>1.92</u>

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2023

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
U.S. fixed income				
1,000,000	Baytex Energy Corp. 8.50% 30APR30	\$ 1,275,308	\$ 1,294,777	0.33
4,000,000	Baytex Energy Corp. 8.75% 01APR27	5,478,905	5,383,250	1.36
1,000,000	Brinker International Inc. 8.25% 15JUL30	1,319,950	1,304,539	0.33
3,576,200	Calfrac Holdings LP 10.875% 15MAR2026	5,378,568	4,252,837	1.08
3,100,000	Conuma Resources Ltd. 13.125% 01MAY28	4,047,087	3,924,025	0.99
500,000	First Quantum Minerals Ltd. 8.625% 01JUN31	673,904	680,190	0.17
3,455,000	goeasy Ltd. 5.375% 01DEC24	4,372,651	4,439,658	1.12
3,435,000	Precision Drilling Corp. 7.125% 15JAN26	4,575,026	4,520,492	1.14
2,000,000	Synaptive Medical Inc. 10% 31OCT2024 CONV.	2,558,100	2,647,400	0.67
8,049,000	The Bank of Nova Scotia 8.625% 27OCT82	11,003,098	11,114,734	2.81
7,016,000	The Toronto-Dominion Bank 8.125% 31OCT82	9,653,286	9,493,995	2.40
112,100	United States Treasury Note/Bond 3.625% 15FEB53	142,550	142,533	0.04
		<u>50,478,433</u>	<u>49,198,430</u>	<u>12.44</u>
U.S. options				
310,000	iShares U.S. Real Estate ETF Put \$81 21JUL23	322,374	69,759	0.02
181,900	VIX 7 C20 Call \$20 19JUL23	334,354	67,419	0.02
		<u>656,728</u>	<u>137,178</u>	<u>0.04</u>
U.S. warrants				
302,465	Esports Technologies Inc. \$30 RSTD 08FEB2027	–	3,943	0.00
109,350	Glass House Brands Inc. \$11.50 15JAN26	87,142	92,638	0.02
171,293	Gryphon Digital Mining Inc. \$18.9734 30JUN2024	–	1,311	0.00
143,450	TPCO Holding Corp. \$11.50 15JAN26	62,895	3,798	0.00
96,800	EBET Inc. \$1.02 6AUG2028	–	2,757	0.00
		<u>150,037</u>	<u>104,447</u>	<u>0.02</u>
	Total investments owned	471,190,556	463,215,278	117.22
Investments sold short				
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian equities				
(69,300)	Altus Group Ltd.	\$ (3,071,266)	\$ (3,044,349)	(0.77)
(114,800)	Aritzia Inc.	(4,202,841)	(4,222,344)	(1.07)
(1,000,000)	Baytex Energy Corp.	(4,388,673)	(4,320,000)	(1.09)
(72,200)	Boardwalk Real Estate Investment Trust	(4,209,279)	(4,490,118)	(1.14)
(36,900)	BRP Inc.	(3,829,598)	(4,132,431)	(1.05)
(613,800)	Chartwell Retirement Residences	(4,851,087)	(5,812,686)	(1.47)
(107,746)	Cogeco Communications Inc.	(7,065,536)	(7,616,565)	(1.93)
(300,300)	Freehold Royalties Ltd.	(4,133,885)	(4,036,032)	(1.02)
(53,900)	Laurentian Bank of Canada	(1,677,243)	(1,781,934)	(0.45)
(69,200)	Loblaw Cos Ltd.	(8,270,682)	(8,392,576)	(2.12)
(83,300)	Maple Leaf Foods Inc.	(2,130,855)	(2,155,804)	(0.55)
(96,400)	Metro Inc.	(6,950,651)	(7,210,720)	(1.82)
(456,000)	NFI Group Inc.	(4,182,773)	(5,207,520)	(1.32)
(61,263)	Premium Brands Holdings Corp.	(6,175,264)	(6,403,821)	(1.62)
		<u>(65,139,633)</u>	<u>(68,826,900)</u>	<u>(17.42)</u>

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2023

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	Canadian fixed income			
(2,000,000)	Algonquin Power Co. 2.85% 15JUL31	\$ (1,666,100)	\$ (1,667,588)	(0.42)
(1,650,000)	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	(1,279,509)	(1,289,558)	(0.33)
(3,100,000)	Canadian Government Bond 1.25% 01JUN30	(2,674,990)	(2,693,900)	(0.68)
(3,000,000)	Cogeco Communications Inc. 2.991% 22SEP31	(2,596,041)	(2,531,445)	(0.64)
		<u>(8,216,640)</u>	<u>(8,182,491)</u>	<u>(2.07)</u>
	Canadian options			
(220,700)	AutoCanada Inc. Put \$17.50 18AUG23	(146,766)	(111,454)	(0.03)
(97,900)	Cogeco Communications Inc. Put \$60 21JUL23	(44,055)	(24,475)	(0.01)
(69,200)	Loblaw Cos Ltd. Put \$115 18AUG23	(51,208)	(51,900)	(0.01)
(96,400)	Metro Inc/CN Put \$68 21JUL23	(37,596)	(9,158)	0.00
(213,000)	Organigram Holdings Inc. Call \$3 15SEP23	(22,365)	(6,390)	0.00
(179,900)	Rogers Communications Inc. Call \$64 18AUG23	(43,176)	(73,759)	(0.02)
(179,900)	Rogers Communications Inc. Put \$54 18AUG23	(102,543)	(35,980)	(0.01)
(137,000)	Tourmaline Oil Corp. Call \$70 18AUG23	(84,940)	(86,310)	(0.02)
		<u>(532,649)</u>	<u>(399,426)</u>	<u>(0.10)</u>
	U.S. fixed income			
(1,796,000)	IAMGOLD Corp. 5.75% 15OCT28	<u>(1,880,852)</u>	<u>(1,795,624)</u>	<u>(0.45)</u>
	U.S. options			
(310,000)	iShares U.S. Real Estate ETF Put \$77 21JUL23	(93,855)	(24,621)	(0.01)
(116,500)	VIX 7 C25 Call \$25 19JUL23	(84,889)	(21,590)	(0.01)
(65,400)	VIX 7 C30 Call \$30 19JUL23	(64,177)	(8,657)	(0.00)
		<u>(242,921)</u>	<u>(54,868)</u>	<u>(0.02)</u>
	Total investments sold short	(76,012,695)	(79,259,309)	(20.06)
	Commissions and other portfolio transaction costs	<u>(277,194)</u>	<u>—</u>	<u>—</u>
	Net investments owned	\$ 394,900,667	383,955,969	97.16
	Unrealized gain, foreign exchange forward contracts (Schedule 1)		1,381,576	0.35
	Other assets, net		<u>9,822,721</u>	<u>2.49</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ 395,160,266	100.00

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2023

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Gain (Loss)
July 31, 2023	USD	CAD	1.358110	\$ (64,849,753)	(63,184,376) \$	1,665,377
July 31, 2023	CAD	USD	1.334650	(540,533)	(535,909)	4,624
July 31, 2023	CAD	USD	1.329810	(748,683)	(744,980)	3,703
July 31, 2023	USD	CAD	1.331470	(135,810)	(134,970)	840
July 31, 2023	USD	CAD	1.316550	(96,108)	(96,596)	(488)
July 31, 2023	USD	CAD	1.331470	(63,911)	(63,515)	395
July 31, 2023	USD	CAD	1.334650	2,202,173	2,183,334	(18,838)
July 31, 2023	CAD	USD	1.358110	10,440,600	10,172,480	(268,120)
July 31, 2023	USD	CAD	1.358110	230,400	224,483	(5,917)
Total unrealized gain on foreign exchange forward contracts					\$	1,381,576

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements

For the six-months ended June 30, 2023 and 2022

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 15, 2023.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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 fair value through other comprehensive income ("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.

The Fund classifies its investments in equities, fixed income, options, warrants and swaps 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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(b) Classification (continued):

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.

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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(d) Valuation of investments (continued):

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 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 loss.

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

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date as obtained from an independent source.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(e) Offsetting financial instruments:

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

The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2023 and December 31, 2022. The "Net amounts" column displays what the net impact would be on the Fund's statements of financial position if all amounts were set-off.

	Amounts offset			Amounts not offset		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statements of financial position	Financial instruments (including non-cash collateral)	Cash collateral received	Net amounts
Financial assets as at June 30, 2023						
Forwards, gross	\$ 1,646,538	\$ (264,962)	\$ 1,381,576	\$ -	\$ -	\$ -

	Amounts offset			Amounts not offset		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial liabilities presented in the statements of financial position	Financial instruments (including non-cash collateral)	Cash collateral received	Net amounts
Financial assets as at December 31, 2022						
Forwards, gross	\$ -	\$ (5,338)	\$ (5,338)	\$ -	\$ -	\$ -

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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(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.

(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 loss.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(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.

(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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(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 loss with net realized loss on sale of investments, including foreign exchange adjustments, and net change in unrealized depreciation 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.

(o) Decrease in net assets attributable to holders of redeemable units per unit:

Decrease in net assets attributable to holders of redeemable units per unit is based on the 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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(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, prepaid expenses and other receivables are classified as measured at amortized cost. Accounts payable and accrued liabilities, due to broker, 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.

(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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

2. Significant accounting policies (continued):

(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, 2023 and 2022

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, 2023, 70,214 Class I units (December 31, 2022 – 104,907 Class I units) were owned by the officers of the Manager, which represents \$830,994 (December 31, 2022 - \$1,270,063) 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, 2023 and 2022

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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

4. Redeemable units of the Fund (continued):

The unit activity during the periods ended June 30, 2023 and 2022 is as follows :

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
2023					
Class F	31,537,873	4,218,153	(4,987,290)	465,391	31,234,127
Class F US	898,339	39,449	(238,914)	13,689	712,563
Class G	3,600,352	409,635	(351,155)	50,741	3,709,573
Class G US	24,775	–	(11,166)	185	13,794
Class I	116,611	5,764	(37,265)	2,979	88,089
2022					
Class F	28,854,145	6,779,893	(4,195,277)	421,191	31,859,952
Class F US	684,802	257,027	(60,764)	11,050	892,115
Class G	4,042,056	500,985	(408,824)	47,556	4,181,773
Class G US	79,952	3,254	(27,938)	558	55,826
Class I	100,465	7,712	–	2,741	110,918

(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, 2023 and 2022

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. 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 CIBC World Markets Inc. and Scotiabank, which are rated A+ by S&P Global Rating.

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. For credit risk on derivatives, please refer note 7.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

5. Financial risk management (continued):

(b) Credit risk (continued):

The following table is a summary of the Fund's debt instruments by credit rating, excluding cash, as at June 30, 2023 and December 31, 2022.

Debt instruments by credit rating	Percentage of Net Asset Value	
	June 30, 2023	December 31, 2022
AAA	(0.31)	–
AA+	–	(0.35)
A+	0.76	–
BBB+	–	0.24
BBB	1.98	2.44
BBB-	2.84	6.35
BB+	3.84	1.33
BB	0.66	2.01
BB-	5.87	1.24
B+	3.07	2.97
B	–	2.63
B-	0.93	0.65
CCC+	0.99	0.20
CCC	(0.45)	–
NR	7.61	6.97

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, 2023 and 2022

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, 2023, the Fund's lowest and highest aggregate gross exposure was 91.1% (December 31, 2022 – 77.2%) and 131.2% (December 31, 2022 – 113.1%) 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, 2023 and 2022

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, 2023 and December 31, 2022, 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, 2023	December 31, 2022
Less than 1 year	\$ 5,811,425	\$ 212,500
1 - 3 years	39,914,440	12,765,380
3 - 5 years	24,209,642	41,883,436
Greater than 5 years	39,943,568	54,876,070
Total exposure	\$ 109,879,075	\$ 109,737,386

Effect in %		
Net assets attributable to holders of redeemable units	27.81	26.70

*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, 2023 and 2022

5. Financial risk management (continued):

As at June 30, 2023, 49.68% (December 31, 2022 – 56.43%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while 17.53% (December 31, 2022 – 11.43%) 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 period end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$12,702,057 or 3.21% (December 31, 2022 - \$18,495,656 or 4.50%) 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, 2023, 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, 2023						
U.S. Dollar	\$ (47,625,337)	\$ 55,196,081	\$ 7,570,744	\$ (2,381,267)	\$ 2,759,804	\$ 378,537
% of Net Assets						
Attributable to Holders						
of Redeemable Unit:	(12.05)	13.97	1.92	(0.60)	0.70	0.10

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

5. Financial risk management (continued):

Currencies to which the Fund had exposure as at December 31, 2022, 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, 2022						
U.S. Dollar	\$ (38,510,731)	\$ 49,016,624	\$ 10,505,893	\$ (1,925,537)	\$ 2,450,831	\$ 525,294
% of Net Assets						
Attributable to Holders						
of Redeemable Unit:	(9.37)	11.93	2.56	(0.47)	0.60	0.13

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, prepaid expenses 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, 2023, 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 \$378,537 (December 31, 2022 - \$525,294). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 191,901,998	\$ 1,369,191	\$ 8,114,240	\$ 201,385,429
Fixed Income	7,166,475	104,363,565	8,327,150	119,857,190
Money Market	–	138,940,772	–	138,940,772
Options	504,174	–	–	504,174
Forwards	–	1,646,538	–	1,646,538
Warrants	1,107,603	1,418,799	1,311	2,527,713
	\$ 200,680,250	\$ 247,738,865	\$ 16,442,701	\$ 464,861,816
Liabilities				
Common stocks	\$ 68,826,900	–	–	\$ 68,826,900
Fixed Income	–	9,978,115	–	9,978,115
Options	454,294	–	–	454,294
Forwards	–	264,962	–	264,962
	\$ 69,281,194	\$ 10,243,077	–	\$ 79,524,271

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

	Total
Beginning Balance, January 01, 2023	\$ 15,824,738
Purchases	6,037,007
Sales	(2,837,437)
Net transfers out of Level 3	(88,992)
Realized gains included in net income	106,358
Change in unrealized depreciation included in net income	(2,598,973)
Ending Balance, June 30, 2023	\$ 16,442,701

During the period ended June 30, 2023, the warrant was transferred from Level 3 to Level 2 as the underlying stock is being publicly traded on exchange as observed on the measurement date. As at June 30, 2023, the fair values of these warrants was \$3,943.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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

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, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 228,726,498	\$ 1,297,969	\$ 10,809,582	\$ 240,834,049
Fixed income	3,984,626	118,302,442	4,919,000	127,206,068
Money market	–	117,953,303	–	117,953,303
Options	88,070	–	–	88,070
Warrants	314,411	1,503,781	96,156	1,914,348
	\$ 233,113,605	\$ 239,057,495	\$ 15,824,738	\$ 487,995,838
Liabilities				
Common stocks	\$ 46,322,672	\$ –	\$ –	\$ 46,322,672
Forwards	–	5,338	–	5,338
Fixed income	–	17,468,682	–	17,468,682
Options	651,495	–	–	651,495
	\$ 46,974,167	\$ 17,474,020	\$ –	\$ 64,448,187

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

	Total
Beginning Balance, January 01, 2022	\$ 20,204,274
Sales	(1,307,609)
Net transfers out of Level 3	(3,576)
Realized gains included in net income	157,201
Change in unrealized depreciation included in net income	(3,225,552)
Ending Balance, December 31, 2022	\$ 15,824,738

During the year ended December 31, 2022, certain fixed income securities were transferred from Level 2 to Level 1 as the securities were being publicly traded on exchange as observed on the measurement date. As at December 31, 2022, the fair value of the fixed income securities was \$1,800,000.

During the year ended December 31, 2022, certain warrants were transferred from Level 2 to Level 1 as the warrants were being publicly traded on exchange as observed on the measurement date. As at December 31, 2022, the fair values of these warrants were \$251,338.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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

Unrealized gain (loss) recognized for Level 3 investments are reported in net change in unrealized depreciation in value of investments, including foreign exchange adjustments in the statements of comprehensive 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, 2023	Fair value at December 31, 2022
Warrants	Black-Scholes model	Market volatility	A 10% decrease in volatility will cause a \$453 decrease in fair market value.	\$ 1,311	\$ 96,156
Unlisted Fixed Income	Cost	Interest Rates	A 1% increase in Yield to Maturity would cause a \$37,820 decrease in market value	\$ 2,000,000	\$ 2,000,000
Unlisted convertible securities	Intrinsic Value	Underlying Security Value	A 10% decrease in the price of the underlying security once converted would cause a \$1,001,264 decrease in the fair market value.	\$ 10,012,648	\$ 10,559,450
Unlisted private securities	Recent Transaction Prices	Transaction price	A 10% decrease in the price of the underlying security would cause a \$442,874 decrease in the fair market value.	\$ 4,428,742	\$ 3,169,132
				\$ 16,442,701	\$ 15,824,738

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

7. Derivative financial instruments:

The Fund holds the following derivative instruments:

Forward contracts:

The Fund may enter into various forward contracts as part of its investment strategy. Generally, a forward contract is a customized contract between two parties to purchase or sell an asset at a specified price on a future date. The Fund may use forward contracts to gain exposure to, or hedge against, changes in the value of equities, commodities, interest rates or foreign currencies. If market conditions move unexpectedly, the anticipated benefits of forward contracts may not be achieved and a loss may be realized. The use of forward contracts involves the risk of imperfect correlation in movements in the price of forward contracts and the underlying instruments or commodities.

Forward contracts are offset and the net amount presented 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.

The following tables detail the Fund's investments in forward contracts as at June 30, 2023 related to the hedging of the USD exposure for the Class F US and Class G US units:

Class F US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
July 31, 2023	CAD	CIBC	1.32323 \$	8,660,024 \$	8,919,466 \$	(259,441)

Class G US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
July 31, 2023	CAD	CIBC	1.32323 \$	160,968 \$	166,489 \$	(5,521)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

7. Derivative financial instruments (continued):

The following tables detail the Fund's investments in forward contracts as at December 31, 2022 related to the hedging of the USD exposure for the Class F US and Class G US units:

Class F US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
January 31, 2023	CAD	CIBC	1.3533	\$ 11,499,465	\$ 11,501,437	\$ (1,972)

Class G US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
January 31, 2023	CAD	CIBC	1.3533	\$ 314,147	\$ 314,201	\$ (54)

The following table details the Fund's investments in forward contracts as at June 30, 2023 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain
July 31, 2023	USD	CIBC	1.32323	\$ (61,001,041)	\$ (62,647,580)	\$ 1,646,539

The following table details the Fund's investments in forward contracts as at December 31, 2022 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
February 28, 2023	USD	CIBC	1.35258	\$ (45,720,347)	\$ (45,717,035)	\$ (3,312)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

7. Derivative financial instruments(continued):

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statements of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not, therefore, indicate the Fund's exposure to credit or market price risks.

The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market prices or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus, the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

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, 2023:

Description	Maturity Date	Strike price	Notional Amount	Fair value
Antibe Therapeutics Inc.	24-Feb-24	\$ 7.50	\$ 2,475,000	\$ –
Bonterra Energy Corp	20-Oct-25	7.75	868,000	108,656
Canopy Growth Corp.	19-Feb-24	0.40	4,840,000	60,500
OrganiGram Holdings Inc.	12-Nov-23	2.50	532,500	10
Orla Mining Ltd	18-Dec-26	3.00	780,000	804,276
Osisko Green Acquisition Limited	19-Jul-26	11.50	3,424,355	23,822
Osisko Green Acquisition Ltd.	19-Jul-26	11.50	3,061,875	21,300
Plus Products Inc.	28-Feb-24	1.10	322,113	22
Plus Products Inc.	28-Feb-24	8.00	462,000	1,155
Theralase Technologies Inc.	22-Aug-24	0.35	315,000	72,000
Trillion Energy International Inc.	29-Jun-25	0.50	2,970,834	950,667
Logan Energy Corp	31-Jul-23	0.35	183,750	380,858
Esports Technologies Inc.	08-Feb-27	30.00	9,073,950	3,943
Glass House Brands Inc.	15-Jan-26	11.50	1,257,525	92,638
Gryphon Digital Mining Inc.	30-Jun-24	18.97	3,250,011	1,311
TPCO Holding Corp.	15-Jan-26	11.50	1,649,675	3,798
EBET Inc.	06-Aug-28	1.02	98,736	2,757

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

7. Derivative financial instruments(continued):

The following table detail the Fund's investments in warrants as at December 31, 2022:

Description	Maturity Date	Strike price	Notional Amount	Fair value
Antibe Therapeutics Inc	24-Feb-24	\$ 7.50	\$ 2,475,000	\$ –
Bonterra Energy Corp	20-Oct-25	7.75	868,000	299,691
Canopy Growth Corp.	19-Feb-24	0.40	4,840,000	242,000
GR Silver Mining Ltd	27-Apr-23	0.74	281,200	–
OrganiGram Holdings Inc.	12-Nov-23	2.50	532,500	11,384
Orla Mining Ltd	18-Dec-26	3.00	780,000	898,034
Osisko Green Acquisition Limited	19-Jul-26	11.50	3,424,355	73,698
Osisko Green Acquisition Ltd.	19-Jul-26	11.50	3,061,875	65,897
Plus Products Inc.	28-Feb-24	1.10	322,113	–
Plus Products Inc.	28-Feb-24	8.00	462,000	1,155
Theralase Technologies Inc.	22-Aug-24	0.35	315,000	153,000
Denison Mines Corp.	19-Feb-23	2.00	500,000	922
Esports Technologies Inc.	08-Feb-27	30.00	9,073,950	88,992
Glass House Brands Inc.	15-Jan-26	11.50	1,257,525	59,191
Gryphon Digital Mining Inc.	30-Jun-24	18.97	3,250,011	7,164
Northern Genesis Acquisition Corp III	31-Dec-27	11.50	945,875	9,338
TPCO Holding Corp.	15-Jan-26	11.50	1,649,675	3,882

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, 2023 and 2022

7. Derivative financial instruments(continued):

The following table summarizes the Fund's investments in options as at June 30, 2023:

Description	Maturity Date	Strike price	Notional Amount
Rogers Communications Inc. Call \$60	18-Aug-23	\$ 60.00	\$ 10,794,000
iShares U.S. Real Estate ETF Put \$81	21-Jul-23	81.00	25,110,000
VIX 7 C20 Call \$20	19-Jul-23	20.00	3,638,000
AutoCanada Inc. Put \$17.50	18-Aug-23	17.50	(3,862,250)
Cogeco Communications Inc. Put \$60	21-Jul-23	60.00	(5,874,000)
Loblaw Cos Ltd. Put \$115	18-Aug-23	115.00	(7,958,000)
Metro Inc/CN Put \$68	21-Jul-23	68.00	(6,555,200)
Organigram Holdings Inc. Call \$3	15-Sep-23	3.00	(639,000)
Rogers Communications Inc. Call \$64	18-Aug-23	64.00	(11,513,600)
Rogers Communications Inc. Put \$54	18-Aug-23	54.00	(9,714,600)
Tourmaline Oil Corp. Call \$70	18-Aug-23	70.00	(9,590,000)
iShares U.S. Real Estate ETF Put \$77	21-Jul-23	77.00	(23,870,000)
VIX 7 C25 Call \$25	19-Jul-23	25.00	(2,912,500)
VIX 7 C30 Call \$30	19-Jul-23	30.00	(1,962,000)

The following table summarizes the Fund's investments in options as at December 31, 2022:

Description	Maturity Date	Strike price	Notional Amount
Canadian Imperial Bank of Commerce Call \$63	20-Jan-23	\$ 63.00	\$ 8,996,400
iShares S&P/TSX 60 Index ETF Call \$30.50	20-Jan-23	30.50	24,683,650
BRP Inc. Put \$94	20-Jan-23	94.00	(5,715,200)
Canadian Imperial Bank of Commerce Put \$58	20-Jan-23	58.00	(8,282,400)
Cogeco Communications Inc. Put \$66	20-Jan-23	66.00	(6,065,400)
Dollarama Inc. Call \$85	20-Jan-23	85.00	(7,658,500)
Organigram Holdings Inc. Call \$3	15-Sep-23	3.00	(639,000)
Rogers Communications Inc. Call \$70	17-Feb-23	70.00	(9,023,000)
Shaw Communications Inc. Call \$40	20-Jan-23	40.00	(180,000)

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 fund did not had any investments in swaps as at June 30, 2023 and December 31, 2022.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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.

9. Decrease in net assets attributable to holders of redeemable units per unit:

The decrease in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2023 and 2022 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, 2023					
Class F	\$	(183,672)	31,627,244	\$	(0.01)
Class F US		(162,414)	840,834		(0.19)
Class G		(283,946)	3,753,949		(0.08)
Class G US		(3,416)	21,327		(0.16)
Class I		10,779	109,602		0.10
June 30, 2022					
Class F	\$	(5,463,438)	30,264,278	\$	(0.18)
Class F US		(1,283)	806,990		-
Class G		(902,951)	4,140,972		(0.22)
Class G US		7,467	70,616		0.11
Class I		(10,948)	104,942		(0.10)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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, 2022, the Fund had net capital loss carryforwards of \$8,630,666 (2021 – \$4,926,845) and non-capital loss carryforwards of nil (2021 – nil).

11. Brokerage commissions and soft dollars:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Fund's statements of comprehensive 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, 2023 and 2022, is disclosed below:

	June 30, 2023	June 30, 2022
Soft dollar relationships	7	4
Percentage of total commissions and other portfolio transaction costs	14.08%	16.72%

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

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, 2023 and the year December 31, 2022, 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 loss in net change in unrealized depreciation in value of investments, including foreign exchange adjustments.

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, 2023 and December 31, 2022:

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	2	\$ 1,835,652	\$ 5,452,314	1.38%

December 31, 2022

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	4	\$ 16,143,584,000	\$ 26,474,829	6.44%

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023 and 2022

12. Involvement with unconsolidated structured entities (continued):

Investee Funds included the following:

June 30, 2023	Currency per financial statement	Foreign exchange (DIA FX rate)	Total NAV per financial statement	Total NAV in Canadian dollars
Minto Apartment REIT	Canadian dollar	1.000000 \$	1,136,529 \$	1,136,529
Chartwell Retirement Residences	Canadian dollar	1.000000	699,123	699,123

December 31, 2022	Currency per financial statement	Foreign exchange (DIA FX rate)	Total NAV per financial statement	Total NAV in Canadian dollars
Canadian Apartment REIT	Canadian dollar	1.000000 \$	10,003,695,000 \$	10,003,695,000
Minto Apartment REIT	Canadian dollar	1.000000	1,213,537,000	1,213,537,000
Summit Industrial Income REIT	Canadian dollar	1.000000	4,156,550,000	4,156,550,000
Chartwell Retirement Residences	Canadian dollar	1.000000	769,802,000	769,802,000

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.