

Financial Statements of

**NEWGEN CREDIT  
STRATEGIES FUND**

For the six-months ended June 30, 2023

(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 11, 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 Credit Strategies Fund

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

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 368,372	\$ 150,486
Investments owned, at fair value through profit or loss (note 6)	17,320,732	–
Subscriptions receivable	2,360,625	306,865
Receivable for investment sold	1,993,759	–
Interest and dividends receivable	219,539	–
Unrealized appreciation of derivatives (note 2, 6)	79,033	–
Other receivables	2,245	–
	<u>22,344,305</u>	<u>457,351</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Due to broker	558,322	–
Investments sold short, at fair value through profit or loss (note 6)	870,280	–
Accounts payable and accrued liabilities	53,824	–
Management fees payable (note 3)	9,469	–
Performance fees payable (note 3)	38,104	–
Dividends payable on investments sold short	17,575	–
Redemptions payable	6,672	–
Payable for investments purchased	2,585,805	–
Other payables	4,872	–
	<u>4,144,923</u>	<u>–</u>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 18,199,382</b>	<b>\$ 457,351</b>
<b>Net assets attributable to holders of redeemable units per Class</b>		
Class C	\$ 16,139,493	\$ 1,000
Class F	27,842	2,707
Class F USD	11,661	–
Class G	714,182	51,248
Class G USD	1,443	–
Class I	<u>1,304,761</u>	<u>402,396</u>
	<b>\$ 18,199,382</b>	<b>\$ 457,351</b>
<b>Number of redeemable units outstanding (note 4)</b>		
Class C	1,477,132	100
Class F	2,551	200
Class F USD	805	–
Class G	65,750	5,125
Class G USD	100	–
Class I	116,763	40,241

# NewGen Credit Strategies Fund

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

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		June 30, 2023		December 31, 2022
<b>Net assets attributable to holders of redeemable units per unit</b>				
Class C	\$	10.93	\$	10.00
Class F		10.91		13.54
Class F USD		14.49		—
Class G		10.86		10.00
Class G USD		14.38		—
Class I		11.17		10.00

See accompanying notes to financial statements.

Approved on behalf of the board of Directors as the Manager:

***"David Dattels"***

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Director  
NewGen Asset Management Limited

# NewGen Credit Strategies Fund

## Statement of Comprehensive Income (Unaudited)

For the six-months ended June 30, 2023

	<b>2023</b>
<b>Income</b>	
Dividends	\$ 106,743
Interest income for distribution purposes	222,070
Net realized gain on sale of investments, including foreign exchange adjustments	174,385
Net realized gain on forward contracts	94,653
Net change in unrealized depreciation in value of investments, including foreign exchange adjustments	(68,423)
Net change in unrealized appreciation on derivatives (note 2)	79,033
	<u>608,461</u>
<b>Expenses</b>	
Performance fees (note 3)	57,337
Operating costs	48,336
Audit fees	39,006
Management fees (note 3)	31,500
Interest and borrowing fees	12,689
Commissions and other portfolio transaction costs	8,942
Legal fees	5,245
Dividends paid on investments sold short	4,133
	<u>207,188</u>
<b>Increase in net assets attributable to holders of redeemable units</b>	<u>\$ 401,273</u>
<b>Increase in net assets attributable to holders of redeemable units per Class</b>	
Class C	\$ 272,455
Class F	416
Class F USD	43
Class G	16,597
Class G USD	90
Class I	111,672
	<u>\$ 401,273</u>
<b>Increase in net assets attributable to holders of redeemable units per unit (note 9)</b>	
Class C	\$ 0.44
Class F	0.40
Class F USD	0.09
Class G	0.50
Class G USD	0.90
Class I	1.02

# NewGen Credit Strategies Fund

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the six-months ended June 30, 2023

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued*	Redemption of redeemable units*	Distributions to holders of redeemable units	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>2023</b>							
Class C	\$ 1,000	\$ 16,433,088	\$ (529,946)	\$ (49,008)	\$ 11,904	\$ 272,455	\$ 16,139,493
Class F	2,707	24,793	–	(102)	28	416	27,842
Class F USD	–	11,618	–	(43)	43	43	11,661
Class G	51,248	654,900	(8,538)	(2,333)	2,308	16,597	714,182
Class G USD	–	1,353	–	(5)	5	90	1,443
Class I	402,396	791,156	–	(4,655)	4,192	111,672	1,304,761
	<u>\$ 457,351</u>	<u>\$ 17,916,908</u>	<u>\$ (538,484)</u>	<u>\$ (56,146)</u>	<u>\$ 18,480</u>	<u>\$ 401,273</u>	<u>\$ 18,199,382</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 \$6,503 and \$(6,503), respectively.

# NewGen Credit Strategies Fund

## Statement of Cash Flows (Unaudited) For the six-months ended June 30, 2023

	2023
<b>Cash provided by (used in):</b>	
<b>Operating Activities</b>	
Increase in net assets attributable to holders of redeemable units	\$ 401,273
Adjustments for non-cash items	
Net realized gain on sale of investments, including foreign exchange adjustments	(174,385)
Net change in unrealized depreciation in value of investments, including foreign exchange adjustments	68,423
Net change in unrealized appreciation on derivatives	(79,033)
Change in non-cash balances	
Increase in interest and dividends receivable	(219,539)
Increase in other receivables	(2,245)
Increase in receivable for investments sold	(1,993,759)
Increase in due to broker	558,322
Increase in other payables	4,872
Increase in accounts payable and accrued liabilities	53,824
Increase in management fees payable	9,469
Increase in performance fees payable	38,104
Increase in dividends payable on investments sold short	17,575
Increase in payable for investments purchased	2,585,805
Proceeds from sale of investments	102,947,318
Purchase of investments	<u>(119,274,504)</u>
Cash used in operating activities	<u>(15,058,480)</u>
<b>Financing Activities</b>	
Proceeds from redeemable units issued	15,856,645
Amount paid on redemption of redeemable units	(525,309)
Distributions to holders of redeemable units, net of reinvestments	<u>(37,666)</u>
Cash provided by financing activities	<u>15,293,670</u>
Increase in cash during the period	235,190
Foreign exchange loss on cash	(17,304)
Cash, beginning of period	<u>150,486</u>
<b>Cash, end of period</b>	<b>\$ <u>368,372</u></b>
<b>Supplemental information*</b>	
Interest paid	\$ 9,100
Interest received	33,373
Dividends paid	4,023
Dividends received, net of withholding taxes	75,901

\*Included as a part of cash flows from operating activities

# NewGen Credit Strategies Fund

## Schedule of Investment Portfolio As at June 30, 2023 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian equities</b>				
35,900	Brookfield Office Properties Inc. Preferred Shares 2.70%	\$ 324,476	\$ 350,025	1.92
8,500	Brookfield Property Split Corp. Preferred Shares 5%	211,692	210,375	1.16
25,880	Brookfield Property Split Corp. Preferred Shares 5.20%	645,027	647,000	3.56
34,500	Brookfield Property Split Corp. Preferred Shares 5.75%	858,359	853,875	4.69
80,650	Canso Credit Income Fund	1,146,810	1,125,874	6.19
88,200	Citadel Income Fund	269,558	261,954	1.44
10,000	Enbridge Inc. Preferred Shares 5.086%	177,400	177,400	0.97
11,000	Power Financial Corp. Preferred Shares 2.59%	168,227	167,200	0.92
20,000	Thomson Reuters Corp. Preferred Shares 0%	267,171	262,000	1.44
12,000	TransCanada Corp. Preferred Shares 2.31%	174,180	174,000	0.96
		<u>4,242,900</u>	<u>4,229,703</u>	<u>23.25</u>
<b>Canadian fixed income</b>				
500,000	Aecon Group Inc. 5% 31DEC23	495,718	497,925	2.74
525,000	AutoCanada Inc. 5.75% 07FEB29	441,000	442,460	2.43
315,000	Canadian Government Bond 1.50% 01JUN31	272,759	274,458	1.51
100,000	Corus Entertainment Inc. 6% 28FEB30	75,812	69,331	0.38
200,000	ECN Capital Corp. 6% 31DEC25	159,250	171,000	0.94
173,000	Fiera Capital Corp. 5.60% 31JUL24	170,373	172,827	0.95
146,000	Fiera Capital Corp. 8.25% 31DEC26	143,449	146,168	0.80
500,000	Ford Credit Canada Co. 7.375% 12MAY26	500,000	501,175	2.75
500,000	Northland Power Inc. 9.25% 30JUN83	495,070	502,948	2.76
550,000	NorthWest Healthcare Properties Real Estate Investment Trust 5.50% 31DEC23	538,845	542,358	2.98
		<u>3,292,276</u>	<u>3,320,650</u>	<u>18.24</u>
<b>U.S. equities</b>				
7,000	Argo Group International Holdings Ltd. Preferred Shares 7%	211,868	194,862	1.07
11,700	Brookfield Property Split Corp. Preferred Shares 5.25%	392,853	384,085	2.11
4	International Lease Finance Corp. Preferred Shares 11.132%	507,469	509,624	2.80
		<u>1,112,190</u>	<u>1,088,571</u>	<u>5.98</u>
<b>U.S. fixed income</b>				
500,000	Arko Corp. 5.125% 15NOV29	555,990	540,890	2.97
50,000	Atlantica Sustainable Infrastructure Jersey Ltd. 4% 15JUL25	67,578	63,473	0.35
300,000	Baytex Energy Corp. 8.75% 01APR27	415,752	403,744	2.22
370,000	BlueLinx Holdings Inc. 6% 15NOV29	424,906	433,409	2.38
375,000	Brundage-Bone Concrete Pumping Holdings Inc. 6% 01FEB26	477,323	474,025	2.60
20,000	Calfrac Holdings LP 10.875% 15MAR2026	24,382	23,784	0.13
425,000	Carriage Services Inc. 4.25% 15MAY29	471,013	485,312	2.67
500,000	Cars.com Inc. 6.375% 01NOV28	630,166	616,566	3.39
400,000	Conuma Resources Ltd. 13.125% 01MAY28	520,156	506,326	2.78
125,000	CSC Holdings LLC 5.25% 01JUN24	154,706	154,080	0.85



# NewGen Credit Strategies Fund

## Schedule of Investment Portfolio (continued) As at June 30, 2023 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>U.S. fixed income (continued)</b>				
400,000	Dave & Buster's Inc. 7.625% 01NOV25	\$ 547,638	\$ 537,205	2.95
350,000	G-III Apparel Group Ltd. 7.875% 15AUG25	450,267	452,109	2.48
200,000	Glatfelter Corp. 4.75% 15NOV29	172,807	176,114	0.97
100,000	Infrabuild Australia Pty Ltd. 12% 01OCT24	129,438	129,312	0.71
200,000	Intercontinental Exchange Inc. 3.65% 23MAY25	259,680	259,627	1.43
324,000	Open Text Corp. 3.875% 01DEC29	359,722	359,493	1.98
350,000	Raptor Acquisition Corp / Raptor Co-Issuer LLC 4.875% 01NOV26	442,206	440,038	2.42
350,000	The Bank of Nova Scotia 8.625% 27OCT82	481,902	483,309	2.66
334,000	The Toronto-Dominion Bank 8.125% 31OCT82	457,531	451,966	2.48
500,000	Titan International Inc. 7% 30APR28	619,325	620,107	3.41
365,000	Vector Group Ltd. 5.75% 01FEB29	440,348	420,998	2.31
500,000	Winnebago Industries Inc. 6.25% 15JUL28	653,083	649,291	3.57
		<u>8,755,919</u>	<u>8,681,178</u>	<u>47.71</u>
<b>U.S. option</b>				
1,700	VIX 7 C20 Call \$20 19JUL23	4,730	630	0.00
	<b>Total investments owned</b>	17,408,015	17,320,732	95.18
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
<b>Canadian fixed income</b>				
(350,000)	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	\$ (271,411)	\$ (273,543)	(1.50)
(315,000)	NFI Group Inc. 5% 15JAN27	(256,491)	(261,582)	(1.44)
		<u>(527,902)</u>	<u>(535,125)</u>	<u>(2.94)</u>
<b>U.S. fixed income</b>				
(335,000)	IAMGOLD Corp. 5.75% 15OCT28	(358,413)	(334,930)	(1.84)
<b>U.S. option</b>				
(1,700)	VIX 7 C30 Call \$30 19JUL23	(1,691)	(225)	(0.00)
	<b>Total investments sold short</b>	(888,006)	(870,280)	(4.78)
	Commissions and other portfolio transaction costs	(1,133)	–	–

# NewGen Credit Strategies Fund

## Schedule of Investment Portfolio (continued)

As at June 30, 2023 (Unaudited)

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<b>Net investments owned</b>	<b>\$ <u>16,518,876</u> \$</b>	16,450,452	90.40
Unrealized gain, foreign exchange forward contracts (Schedule 1)		79,033	0.43
<b>Other assets, net</b>		<u>1,669,897</u>	<u>9.17</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<b>\$ <u>18,199,382</u></b>	<b><u>100.00</u></b>

# NEWGEN CREDIT STRATEGIES FUND

## Schedule of Investment Portfolio (continued) As at June 30, 2023 (Unaudited)

### Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized gain
July 10, 2023	USD	CAD	1.335133 \$	(9,279,174) \$	(9,199,034) \$	80,140
July 10, 2023	CAD	USD	1.335779	(250,000)	(247,721)	2,279
July 10, 2023	USD	CAD	1.319800	(72,589)	(72,798)	(209)
July 10, 2023	CAD	USD	1.323720	(1,085,000)	(1,084,903)	97
July 10, 2023	USD	CAD	1.322600	(661,300)	(661,801)	(501)
July 10, 2023	CAD	USD	1.349350	269,870	264,720	(5,150)
July 10, 2023	USD	CAD	1.323075	1,038,614	1,039,028	414
July 10, 2023	USD	CAD	1.317910	481,037	483,115	2,078
July 10, 2023	CAD	USD	1.335359	11,629	11,527	(102)
July 10, 2023	CAD	USD	1.335359	1,441	1,428	(13)
Total unrealized gain on foreign exchange forward contracts					\$	79,033

# NEWGEN CREDIT STRATEGIES FUND

## Notes to Financial Statements

For the six-months ended June 30, 2023

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NewGen Credit Strategies Fund (the "Fund") is an open-ended mutual fund trust that was established under the laws of the Province of Ontario pursuant to a declaration of trust dated January 2, 2019, as amended January 28, 2021, February 9, 2021 and December 19, 2022. The Fund inception date is December 19, 2022. The Fund commenced active operations on December 29, 2022. NewGen Asset Management Limited (the "Manager"), is the manager, portfolio manager, trustee and promoter of the Fund. The address of the Manager 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, promoter 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 TD Securities Inc.

The Fund's principal investment objective is to maximize absolute returns for unitholders over the typical corporate credit cycle by providing a combination of income and capital gains while minimizing the volatility of returns. In order to achieve its investment objective, the Fund intends to invest in a concentrated but appropriately diversified portfolio of North American corporate bonds issued by non-investment grade publicly traded corporations and may also invest in other types of credit securities such as term loans, convertible bonds, preferred equity, and common equity securities. 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 11, 2023.

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies:

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

### (a) Financial instruments:

Recognition and initial measurement:

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

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

### (b) Classification:

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

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

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

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

### (c) Fair value of financial instruments:

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

The three fair value hierarchy levels are as follows:

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

### (d) Valuation of investments:

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

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

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

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

Derivative transactions:

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

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 gain on sale of investments, including foreign exchange adjustments, in the statement of comprehensive income.

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

### (e) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statement 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 statement of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### (f) Investment entity:

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

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

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

### (g) Derecognition:

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



# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

### (h) Commissions and other portfolio transaction costs:

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

### (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 based on the stated coupon and dividend income is recognized on the ex-dividend date.

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

### (k) Use of estimates:

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

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

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

### (l) Income taxes:

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

### (m) Translation of foreign currencies:

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

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

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

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

- (p) Redeemable units:

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

- (q) Other assets and liabilities:

Interest and dividends receivable, subscriptions receivable, receivable for investment sold 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, dividends payable on investments sold short, payable for investments purchased and other payables are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature and are carried at amortized cost which approximates fair value.

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 2. Significant accounting policies (continued):

### (r) Cash:

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

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

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

### (s) Subscriptions receivable:

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

### (t) Redemptions payable:

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

## 3. Related party transactions:

### (a) Management fees:

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

- Class C Founders units: 0.75% per annum
- 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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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### 3. Related party transactions (continued):

- 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.

#### (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.

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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### 3. Related party transactions (continued):

(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, 51,903 Class I units (December 31, 2022 – 15,050 Class I units) were owned by the Manager and its officers, which represents \$579,991 (December 31, 2022 - \$150,500) in net assets attributable to holders of redeemable units.

### 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, 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 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 may be consolidated and/or redesignated by the Manager.

The Fund has created Class C Founders, Class F, Class F (USD), Class G, Class G (USD) and Class I units. Class C Founders units are available for purchase only until such time as the class reaches a net asset value of \$50,000,000 (the "Founders Investment Period"). Class C Founders units will be available during the Founders Investment Period to investors who are enrolled in a dealer-sponsored fee arrangement and who are subject to an annual asset-based fee rather than commission on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class F 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 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 C Founders, Class F, Class G, and Class I units are denominated in Canadian 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 CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

## 4. Redeemable units of the Fund (continued):

The unit activity during the period ended June 30, 2023 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
<b>June 30, 2023</b>					
Class C	100	1,524,702	(48,765)	1,095	1,477,132
Class F	200	2,348	–	3	2,551
Class F USD	–	802	–	3	805
Class G	5,125	61,203	(791)	213	65,750
Class G USD	–	100	–	–	100
Class I	40,241	76,145	–	377	116,763

### (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.

### (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 statement 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.

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 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 a Scotiabank, which are rated A+ by S&P Global Rating.



# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

## 5. Financial risk management (continued):

### (b) Credit risk:

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

Debt instruments by credit rating	Percentage of Net Asset Value
	June 30, 2023
AAA	1.51%
A-	1.43%
BBB	2.48%
BBB-	1.16%
BB+	9.09%
BB	2.31%
BB-	7.06%
B+	10.62%
B	11.63%
B-	2.97%
CCC+	4.34%
CCC	(0.87%)
NR	7.45%

As at December 31, 2022, the Fund did not hold investments in debt instruments.

### (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 CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 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 49% (December 31, 2022 – nil%) and 184% (December 31, 2022 – nil%) 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 CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 5. Financial risk management (continued):

(e) Market risk (continued):

(i) Interest rate risk (continued):

The Fund actively manages its interest rate exposure, but net assets tend to be more affected by changes in credit spreads than by changes in underlying interest rates. As the majority of the portfolio is in shorter duration high yield bonds with a significant weight in cash and cash-like instruments, interest rate sensitivity tends to be less pronounced than other fixed income asset classes. As of June 30, 2023, the fund's interest rate exposure by duration bucket is as follows:

Debt instruments* by maturity date		June 30, 2023
Less than 1 year	\$	1,194,363
1 - 3 years		2,784,537
3 - 5 years		1,854,801
Greater than 5 years		5,298,072
Net exposure	\$	11,131,773
Effect in % Net assets attributable to holders of redeemable units		0.61

\*Excludes due from broker

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 5. Financial risk management (continued):

### (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.

As at June 30, 2023, 26.42% (December 31, 2022 – nil%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while nil% (December 31, 2022 – nil%) 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 \$480,906 or 2.64% (December 31, 2022 - \$nil or nil%) 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:

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

## 5. Financial risk management (continued):

(iii) Currency risk (continued):

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>June 30, 2023</b>						
U.S. Dollar	\$ (7,819,994)	\$ 9,435,224	\$ 1,615,230	\$ (391,000)	\$ 471,762	\$ 80,762
	\$ (7,819,994)	\$ 9,435,224	\$ 1,615,230	\$ (391,000)	\$ 471,762	\$ 80,762
% of Net Assets Attributable to Holders of Redeemable Units						
	(42.96)	51.84	8.88	(2.15)	2.59	0.44

As at December 31, 2022, the Fund did not have significant currency risk exposure.

## 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
<b>Assets</b>				
Common stocks	\$ 4,808,650	\$ –	\$ 509,624	\$ 5,318,274
Fixed Income	1,530,278	10,471,550	–	12,001,828
Options	630	–	–	630
Forwards	–	79,033	–	79,033
	\$ 6,339,558	\$ 10,550,583	\$ 509,624	\$ 17,399,765
<b>Liabilities</b>				
Fixed Income	\$ 261,582	\$ 608,473	\$ –	\$ 870,055
Options	225	–	–	225
	\$ 261,807	\$ 608,473	\$ –	\$ 870,280

During the period ended June 30, 2023, there were no transfer of levels between securities.

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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

	Total
Beginning Balance, January 1, 2023	\$ -
Purchases	507,469
Change in unrealized appreciation included in net income	2,155
Ending Balance, June 30, 2023	\$ 509,624

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

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
OTC Fixed Income Security	Last Published Trade Price	Transaction price	A 10% decrease in the price of the underlying security would cause a \$50,962 decrease in the fair market value.	\$ 509,624
				\$ 509,624

The fund did not hold any investments as at December 31, 2022.

## 7. Derivative financial instruments:

The Fund holds the following derivative instruments:

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 CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

## 7. Derivative financial instruments (continued):

Options (continued):

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

Description	Maturity Date	Strike price	Notional Amount
VIX 7 C20	19-07-2023	\$ 20.00	\$ 34,000
VIX 7 C30	19-07-2023	30.00	(51,000)

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

# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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

The increase in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2023 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per Class	Weighted average of redeemable units outstanding during the period	Increase in net assets attributable to holders of redeemable units per unit
<b>June 30, 2023</b>			
Class C	\$ 272,455	624,062	\$ 0.44
Class F	416	1,033	0.40
Class F USD	43	474	0.09
Class G	16,597	33,202	0.50
Class G USD	90	100	0.90
Class I	111,672	109,758	1.02

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## 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.



# NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2023

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## 11. Brokerage commissions and soft dollars:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Fund's statement of comprehensive income. 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 period ended June 30, 2023, is disclosed below.

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	June 30, 2023
Soft dollar relationships	7
Percentage of total commissions and other portfolio transaction costs	73.79%

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