

Financial Statements of

**NEWGEN ALTERNATIVE
INCOME FUND**

For the six-months ended June 30, 2024 and 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 material accounting policy information 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, 2024

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, 2024 and December 31, 2023

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 63,129	\$ 22,859
Due from broker	8,723,320	14,976,094
Investments owned, at fair value through profit or loss (note 6)	286,321,641	316,320,616
Interest and dividends receivable	3,761,171	3,469,156
Subscriptions receivable	86,973	35,236
Other receivables	269,370	235,169
Prepaid expenses	64,681	21,451
Unrealized appreciation of derivatives (note 2, 6)	141,714	409
	<u>299,431,999</u>	<u>335,080,990</u>
LIABILITIES		
Current liabilities		
Investments sold short, at fair value through profit or loss (note 6)	64,405,722	55,245,932
Accounts payable and accrued liabilities	233,081	188,525
Redemptions payable	1,426,641	61,707
Distributions payable	477,879	5,915
Management fees payable (note 3)	217,370	34,374
Performance fees payable (note 3)	1,375,425	155,833
Dividends payable on investments sold short	150,866	109,792
Unrealized depreciation of derivatives (note 2, 6)	40,323	2,157
	<u>68,327,307</u>	<u>55,804,235</u>
Net assets attributable to holders of redeemable units	<u>\$ 231,104,692</u>	<u>\$ 279,276,755</u>
Net assets attributable to holders of redeemable units per Class		
Class F	\$ 194,870,478	\$ 237,185,045
Class F US	4,813,596	5,540,785
Class G	30,012,861	35,337,618
Class G US	306,753	148,012
Class I	<u>1,101,004</u>	<u>1,065,295</u>
	<u>\$ 231,104,692</u>	<u>\$ 279,276,755</u>
Number of redeemable units outstanding (note 4)		
Class F	17,539,945	22,080,711
Class F US	384,167	475,096
Class G	2,790,305	3,410,746
Class G US	25,329	13,121
Class I	91,034	92,533

NEWGEN ALTERNATIVE INCOME FUND

Statements of Financial Position (Unaudited) (continued) As at June 30, 2024 and December 31, 2023

		June 30, 2024		December 31, 2023
Net assets attributable to holders of redeemable units per unit				
Class F	\$	11.11	\$	10.74
Class F US		12.53		11.66
Class G		10.76		10.36
Class G US		12.11		11.28
Class I		12.09		11.51
Class F US (in US Dollars)		9.15		8.83
Class G US (in US Dollars)		8.85		8.54

See accompanying notes to financial statements.

Approved on behalf of the Fund:

"David Dattels"

Manager
NewGen Asset Management Limited

NEWGEN ALTERNATIVE INCOME FUND

Statements of Comprehensive Income (Loss) (Unaudited)

For the six-months ended June 30, 2024 and 2023

	2024	2023
Income		
Dividends	\$ 13,560,802	\$ 15,616,649
Interest income for distribution purposes	3,648,799	9,203,895
Net realized loss on sale of investments, including foreign exchange adjustments	(5,421,498)	(1,157,063)
Net change in unrealized appreciation (depreciation) in value of investments, including foreign exchange adjustments	12,977,489	(19,432,025)
Net realized loss on forward contracts	(1,032,526)	(635,251)
Net change in unrealized appreciation on derivatives (note 2)	103,138	1,386,914
Other income	—	23,847
	<u>23,836,204</u>	<u>5,006,966</u>
Expenses		
Performance fees (note 3)	2,938,241	29,395
Commissions and other portfolio transaction costs	1,714,061	1,317,469
Management fees (note 3)	1,582,247	2,459,056
Interest and borrowing fees	880,806	858,782
Dividends paid on investments sold short	614,150	573,979
Operating costs	254,637	297,041
Legal fees	64,763	38,496
Audit fees	43,314	55,417
Withholding tax	6,543	—
	<u>8,098,762</u>	<u>5,629,635</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>\$ 15,737,442</u>	<u>\$ (622,669)</u>
Increase (decrease) in net assets attributable to holders of redeemable units per Class		
Class F	\$ 13,185,298	\$ (183,672)
Class F US	551,516	(162,414)
Class G	1,902,688	(283,946)
Class G US	15,692	(3,416)
Class I	82,248	10,779
	<u>\$ 15,737,442</u>	<u>\$ (622,669)</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 9)		
Class F	\$ 0.66	\$ (0.01)
Class F US	1.23	(0.19)
Class G	0.62	(0.08)
Class G US	1.04	(0.16)
Class I	0.91	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, 2024 and 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
2024							
Class F	\$ 237,185,045	\$ 23,737,410	\$ (76,421,254)	\$ (5,749,219)	\$ 2,933,198	\$ 13,185,298	\$ 194,870,478
Class F US	5,540,785	10,032	(1,219,188)	(143,727)	74,178	551,516	4,813,596
Class G	35,337,618	443,863	(7,431,324)	(674,648)	434,664	1,902,688	30,012,861
Class G US	148,012	163,821	(17,632)	(3,778)	638	15,692	306,753
Class I	1,065,295	—	(43,603)	(30,031)	27,095	82,248	1,101,004
	<u>\$ 279,276,755</u>	<u>\$ 24,355,126</u>	<u>\$ (85,133,001)</u>	<u>\$ (6,601,403)</u>	<u>\$ 3,469,773</u>	<u>\$ 15,737,442</u>	<u>\$ 231,104,692</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, 2024 were \$1,464,977 and \$(1,464,977), 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
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.

NEWGEN ALTERNATIVE INCOME FUND

Statements of Cash Flows (Unaudited)

For the six-months ended June 30, 2024 and 2023

	2024	2023
Cash provided by (used in):		
Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 15,737,442	\$ (622,669)
Adjustments for non-cash items		
Net realized loss on sale of investments, including foreign exchange adjustments	5,421,498	1,157,063
Net change in unrealized (appreciation) depreciation in value of investments, including foreign exchange adjustments	(12,977,489)	19,432,025
Net change in unrealized appreciation on derivatives	(103,138)	(1,386,914)
Change in non-cash balances		
Decrease (increase) in due from broker	6,252,774	(10,003,343)
Increase in interest and dividends receivable	(292,015)	(5,396,811)
(Increase) decrease in other receivables	(34,201)	244,066
Increase in prepaid expenses	(43,230)	(26,438)
Decrease in due to broker	—	(5,648,215)
Increase (decrease) in accounts payable and accrued liabilities	44,556	(114,619)
Increase in management fees payable	182,996	326,720
Increase in performance fees payable	1,219,592	3,712
Increase in dividends payable on investments sold short	41,074	135,224
Proceeds from sale of investments	2,253,506,403	1,540,097,041
Purchase of investments	(2,206,450,763)	(1,521,236,964)
Cash provided by operating activities	62,505,499	16,959,878
Financing Activities		
Proceeds from redeemable units issued	22,838,412	52,732,305
Amount paid on redemption of redeemable units	(82,303,090)	(63,011,705)
Distributions to holders of redeemable units, net of reinvestments	(2,659,666)	(7,240,475)
Cash used in financing activities	(62,124,344)	(17,519,875)
Increase (decrease) in cash during the period	381,155	(559,997)
Foreign exchange (loss) gain on cash	(340,885)	147,855
Cash, beginning of period	22,859	432,914
Cash, end of period	\$ 63,129	\$ 20,772
Supplemental information*		
Interest paid	\$ 525,643	\$ 841,136
Interest received	3,886,143	9,297,263
Dividends paid	573,076	438,754
Dividends received, net of withholding taxes	13,024,900	10,126,469

*Included as a part of cash flows from operating activities

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2024

Number of shares/units	Investments owned		Average cost	Fair value	% of net asset value
	Canadian equities				
128,700	Advantage Energy Ltd.	\$	1,415,700	\$ 1,335,905	0.58
49,495	Ag Growth International Inc.		2,580,964	2,599,477	1.12
503,700	Alaris Equity Partners Income		7,127,127	7,963,496	3.45
500,000	Alphamin Resources Corp.		555,000	530,000	0.23
185,000	AltaGas Ltd.		5,117,100	5,718,350	2.47
140,000	BCE Inc.		6,931,310	6,203,400	2.68
260,000	Bird Construction Inc.		4,529,548	6,973,200	3.02
170,800	Canadian Apartment Properties REIT		7,353,760	7,592,060	3.29
333,600	Canfor Corp.		5,473,074	4,840,536	2.09
689,300	Capstone Copper Corp.		5,652,815	6,686,210	2.89
60,200	Celestica Inc.		4,524,874	4,716,068	2.04
152,300	Champion Iron Ltd.		963,197	892,478	0.39
680,000	Chemtrade Logistics Income Fund		5,955,944	6,283,200	2.72
642,500	Dye & Durham Ltd.		7,889,285	7,915,600	3.43
115,000	Enbridge Inc.		5,517,861	5,597,050	2.42
187,300	Endeavour Mining PLC		5,210,422	5,412,970	2.34
594,200	Enerflex Ltd.		4,524,287	4,385,196	1.90
112,700	Exchange Income Corp.		5,260,339	5,096,294	2.21
125,000	Finning International Inc.		5,288,380	5,013,750	2.17
279,900	Galaxy Digital Holdings Ltd.		3,908,451	4,472,802	1.94
30,000	George Weston Ltd.		5,305,576	5,903,700	2.55
234,400	Gibson Energy Inc.		4,811,827	5,449,800	2.36
26,100	goeasy Ltd.		4,438,774	5,144,832	2.23
738,200	Headwater Exploration Inc.		5,413,307	5,351,950	2.32
198,600	Hudbay Minerals Inc.		2,406,084	2,458,668	1.06
986,700	Karora Resources Inc.		5,193,465	5,880,732	2.54
250,900	Labrador Iron Ore Royalty Corp.		7,948,932	7,301,190	3.16
288,800	Lightspeed Commerce Inc.		5,753,689	5,400,560	2.34
525,100	MDA Space Ltd.		7,259,002	7,172,866	3.10
166,700	North American Construction Group Ltd.		5,432,688	4,397,546	1.90
204,400	Northland Power Inc.		4,654,120	4,807,488	2.08
432,957	Pasofino Gold Ltd.		473,182	181,842	0.08
78,900	Pembina Pipeline Corp.		3,380,865	4,004,964	1.73
193,100	Pet Valu Holdings Ltd.		5,122,197	5,080,461	2.20
300,000	PHX Energy Services Corp.		2,758,545	2,721,000	1.18
123,800	Premium Income Corp. Preferred Shares 5.75%		1,787,296	1,807,480	0.78
35,000	Royal Bank of Canada		4,691,206	5,097,750	2.21
259,641	Secure Energy Services Inc.		2,408,738	3,144,253	1.36
125,000	Stelco Holdings Inc.		4,965,960	4,646,250	2.01
76,900	Teck Resources Ltd.		4,499,559	5,041,564	2.18
150,000	The North West Co Inc.		5,371,688	6,216,000	2.69
92,100	Thomson Reuters Corp. Preferred Shares 0%		1,243,013	1,238,745	0.54
424,700	Veren Inc.		4,513,802	4,582,513	1.98
21,200	WSP Global Inc.		4,410,236	4,516,236	1.95
			<u>200,023,189</u>	<u>207,776,432</u>	<u>89.91</u>

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2024

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian fixed income				
2,000,000	Bonterra Energy Corp. 9% 20OCT25	\$ 2,000,000	\$ 2,000,000	0.87
2,500,000	Canadian Imperial Bank of Commerce 7.337%	2,509,375	2,547,225	1.10
1,375,000	Chemtrade Logistics Income Fund 6.25% 31AUG27	1,425,177	1,434,771	0.62
11,833,700	Cineplex Inc. 7.75% 01MAR30	12,067,404	12,951,275	5.60
8,515,000	Dye & Durham Ltd. 3.75% 01MAR26	8,349,160	8,232,217	3.56
988,000	Good Nured Products Inc. 10% 15DEC29	988,000	741,000	0.32
1,500,000	Intact Financial Corp. 7.338% 30JUN83	1,505,625	1,527,420	0.66
2,000,000	Tidewater Midstream and Infrastructure Ltd. 8% 30JUN29	2,000,000	2,030,000	0.88
3,565,000	Trillion Energy International Inc. 12% 30APR2025 CONV. \$3	3,565,000	3,565,000	1.54
		<u>34,409,741</u>	<u>35,028,908</u>	<u>15.15</u>
Canadian options				
46,600	Bank of Montreal Call \$128 16AUG24	58,716	3,961	0.00
1,329,400	iShares S&P/TSX 60 Index ETF Call \$33.25 28JUN24	146,234	—	—
1,332,200	iShares S&P/TSX 60 Index ETF Put \$32.50 19JUL24	279,762	99,915	0.04
42,900	Suncor Energy Inc. Call \$53 16AUG24	50,193	59,417	0.03
		<u>534,905</u>	<u>163,293</u>	<u>0.07</u>
Canadian warrants				
112,000	Bonterra Energy Corp \$7.75 20OCT25	—	38,699	0.02
2,196,900	i-80 Gold Corp. \$2.15 01MAY28	834,822	752,438	0.33
260,000	Orla Mining Ltd \$3 18DEC2026	443,300	731,864	0.32
900,000	Theralase Technologies Inc. \$0.35 22AUG24	—	4,500	0.00
5,941,667	Trillion Energy International Inc. \$0.50 29JUN25	—	29,708	0.01
330,000	Antibe Therapeutics Inc. \$1.5 31JUL24 (Original \$7.50)	412,434	—	0.00
		<u>1,690,556</u>	<u>1,557,209</u>	<u>0.68</u>
U.S. equities				
555,900	Coeur Mining Inc. RSTD 8JUL24	1,754,304	4,276,347	1.85
9,200	HubSpot Inc.	7,465,964	7,427,202	3.21
500	Insurance Supermarket Inc. - Class C Series 1	631,200	2,149,618	0.93
370,285	Synaptive Medical Inc.	715,824	1,055,928	0.46
		<u>10,567,292</u>	<u>14,909,095</u>	<u>6.45</u>
U.S. fixed income				
2,000,000	Atlantica Sustainable Infrastructure PLC 4.125% 15JUN28	2,672,280	2,683,806	1.16
1,750,000	Bank of Montreal 7.70% 26MAY84	2,376,181	2,450,614	1.06
6,000,000	Calfrac Holdings LP 10.875% 15MAR2026	8,489,424	8,186,930	3.54
3,402,000	Conuma Resources Ltd. 13.125% 01MAY28	4,437,175	4,737,544	2.05
2,000,000	Dye & Durham Ltd. 8.625% 15APR29	2,716,800	2,780,307	1.20
2,250,000	Hawaiian Brand Intellectual Property Ltd / HawaiianMiles Loyalty Ltd. 5.75% 20JAN26	2,967,367	2,932,493	1.27
2,000,000	Synaptive Medical Inc. 10% 31OCT24 CONV.	2,558,100	2,737,600	1.18
		<u>26,217,327</u>	<u>26,509,294</u>	<u>11.46</u>

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2024

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	U.S. option			
42,900	SPDR S&P 500 ETF Trust Put \$530 19JUL24	\$ 173,292	\$ 78,100	0.03
	U.S. warrants			
143,450	Gold Flora Corp. \$11.50 15JAN26	62,895	982	0.00
171,293	Gryphon Digital Mining Inc. \$18.9734 30JUN24	—	—	—
10,082	EBET Inc. \$150 RSTD 08FEB27	—	38	0.00
3,226	EBET Inc. \$30.6 6AUG28	—	13	0.00
1,146,900	Gold Royalty Corp. \$2.25 31MAY27	417,652	298,277	0.13
		480,547	299,310	0.13
	Total investments owned	274,096,849	286,321,641	123.88

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	Canadian equities			
(171,800)	Aecon Group Inc.	\$ (2,789,741)	\$ (2,917,165)	(1.26)
(168,500)	Allied Properties Real Estate Investment Trust	(2,665,553)	(2,579,735)	(1.12)
(69,900)	Altus Group Ltd.	(3,242,972)	(3,531,348)	(1.53)
(72,609)	ATS Corp.	(3,166,241)	(3,214,400)	(1.39)
(2,700)	AutoCanada Inc.	(53,922)	(51,921)	(0.02)
(37,600)	BRP Inc.	(3,356,379)	(3,295,640)	(1.43)
(31,400)	CCL Industries Inc.	(2,225,246)	(2,258,916)	(0.98)
(323,200)	Centerra Gold Inc.	(2,985,735)	(2,973,440)	(1.29)
(99,548)	Choice Properties Real Estate Investment Trust	(1,388,776)	(1,278,196)	(0.55)
(85,700)	dentalcorp Holdings Ltd.	(688,444)	(706,168)	(0.31)
(74,900)	ERO Copper Corp.	(2,090,963)	(2,190,076)	(0.95)
(93,825)	GFL Environmental Inc.	(4,246,521)	(4,998,996)	(2.16)
(931,000)	i-80 Gold Corp.	(1,363,431)	(1,331,330)	(0.58)
(28,200)	iA Financial Corp Inc.	(2,358,062)	(2,422,662)	(1.05)
(36,450)	Loblaw Cos Ltd.	(5,149,780)	(5,784,615)	(2.50)
(70,600)	Metro Inc.	(5,056,452)	(5,350,774)	(2.32)
(36,200)	Premium Brands Holdings Corp.	(3,289,005)	(3,411,126)	(1.48)
(13,900)	RB Global Inc.	(1,520,126)	(1,450,326)	(0.63)
(27,800)	Restaurant Brands International Inc.	(2,746,690)	(2,679,920)	(1.16)
		(50,384,039)	(52,426,754)	(22.71)
	Canadian fixed income			
(1,000,000)	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	(782,495)	(780,550)	(0.34)
(1,000,000)	Allied Properties Real Estate Investment Trust 3.113% 08APR27	(918,950)	(921,210)	(0.40)
(1,100,000)	Canadian Government Bond 0.50% 01SEP25	(1,036,537)	(1,054,240)	(0.46)
(700,000)	Thames Water Utilities Finance PLC 2.875% 12DEC24	(656,477)	(684,005)	(0.30)
		(3,394,459)	(3,440,005)	(1.50)

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2024

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian options				
(46,600)	Bank of Montreal Put \$115 16AUG24	\$ (71,764)	\$ (151,450)	(0.07)
(37,600)	BRP Inc. Put \$85 19JUL24	(87,608)	(43,240)	(0.02)
(93,800)	GFL Environmental Inc. Put \$45 19JUL24	(33,768)	(11,725)	(0.01)
(1,463,100)	iShares S&P/TSX 60 Index ETF Put \$31.50 19JUL24	(95,102)	(73,155)	(0.03)
(260,000)	Orla Mining Ltd. Call \$5.50 20DEC24	(114,400)	(149,500)	(0.06)
(42,900)	Suncor Energy Inc. Call \$56 16AUG24	(18,125)	(19,305)	(0.01)
(47,100)	Suncor Energy Inc. Put \$47 16AUG24	(26,494)	(12,953)	(0.01)
(21,200)	WSP Global Inc. Call \$220 19JUL24	(25,228)	(20,140)	(0.01)
		<u>(472,489)</u>	<u>(481,468)</u>	<u>(0.22)</u>
U.S. equities				
(555,900)	Coeur Mining Inc.	(4,157,955)	(4,276,347)	(1.85)
(7,000)	Hawaiian Holdings Inc.	(118,302)	(119,099)	(0.05)
		<u>(4,276,257)</u>	<u>(4,395,446)</u>	<u>(1.90)</u>
U.S. fixed income				
(1,000,000)	Compass Minerals International Inc. 6.75% 01DEC27	(1,304,854)	(1,310,024)	(0.57)
(1,796,000)	IAMGOLD Corp. 5.75% 15OCT28	(1,880,852)	(2,322,958)	(1.01)
		<u>(3,185,706)</u>	<u>(3,632,982)</u>	<u>(1.58)</u>
U.S. option				
(42,900)	SPDR S&P 500 ETF Trust Put \$515 19JUL24	(69,902)	(29,067)	(0.01)
Total investments sold short				
		(61,782,852)	(64,405,722)	(27.92)
Commissions and other portfolio transaction costs		<u>(150,620)</u>	<u>—</u>	<u>—</u>
Net investments owned		\$ 212,163,377	221,915,919	95.96
Unrealized gain, foreign exchange forward contracts (Schedule 1)			77,716	0.03
Unrealized gain, foreign exchange options contracts (Schedule 2)			23,675	0.01
Other assets, net			<u>9,087,382</u>	<u>4.00</u>
Net Assets Attributable to Holders of Redeemable Units			\$ 231,104,692	100.00

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2024

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Gain (Loss)
July 31, 2024	USD	CAD	1.367894	\$ (23,478,300) \$	(23,390,987) \$	87,313
July 31, 2024	CAD	USD	1.367894	6,836,100	6,839,470	3,370
July 31, 2024	CAD	USD	1.367894	6,560,400	6,565,891	5,491
July 31, 2024	CAD	USD	1.367894	5,534,600	5,514,018	(20,582)
July 31, 2024	USD	CAD	1.367894	(34,063)	(34,197)	(135)
July 31, 2024	USD	CAD	1.367894	(436,344)	(433,622)	2,722
July 31, 2024	CAD	USD	1.367894	161,400	160,800	(600)
July 31, 2024	CAD	USD	1.367894	164,010	164,147	137
Total unrealized gain on foreign exchange forward contracts					\$	77,716

NEWGEN ALTERNATIVE INCOME FUND

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2024

Schedule 2 - Foreign Exchange Option Contracts

Trade Date	Expiry Date	Option Type	Currency Sold	Strike Price	Notional Amount	Settlement Amount	Unrealized Gain (Loss)
April 30, 2024	July 31, 2024	Put	USD	1.3525	25,000,000	18,484,288 \$	42,681
April 30, 2024	July 31, 2024	Call	USD	1.3525	25,000,000	18,484,288	(19,006)
Total unrealized gain on foreign exchange option contracts						\$	23,675

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements

For the six-months ended June 30, 2024 and 2023

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, 2024.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

2. Material accounting policy information:

(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.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

2. Material accounting policy information (continued):

(b) Classification (continued):

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.

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

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

2. Material accounting policy information (continued):

(d) Valuation of investments (continued):

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 statements of financial position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

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

Derivative transactions:

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

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

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

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, 2024 and 2023

2. Material accounting policy information (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, 2024 and December 31, 2023. 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, 2024						
Forwards, gross	\$ 141,714	\$ (40,323)	\$ 101,391	\$ –	\$ –	\$ –

	Amounts offset			Amounts not offset		
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets	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, 2023						
Forwards, gross	\$ 409	\$ (2,157)	\$ (1,748)	\$ –	\$ –	\$ –

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, 2024 and 2023

2. Material accounting policy information (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 income (loss).

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

2. Material accounting policy information (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 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.

(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, 2024 and 2023

2. Material accounting policy information (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 income (loss) with net realized 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.

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

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

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

2. Material accounting policy information (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, 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, 2024 and 2023

2. Material accounting policy information (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, 2024 and 2023

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, 2024, 75,886 Class I units (December 31, 2023 – 73,791 Class I units) were owned by the officers of the Manager, which represents \$917,799 (December 31, 2023 - \$849,522) 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, 2024 and 2023

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, 2024 and 2023

4. Redeemable units of the Fund (continued):

The unit activity during the periods ended June 30, 2024 and 2023 is as follows :

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
2024					
Class F	22,080,711	2,188,423	(6,997,438)	268,249	17,539,945
Class F US	475,096	804	(97,790)	6,057	384,167
Class G	3,410,746	42,351	(703,871)	41,079	2,790,305
Class G US	13,121	13,617	(1,463)	54	25,329
Class I	92,533	—	(3,787)	2,288	91,034
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

(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, 2024 and 2023

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 BMO Capital Markets, 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, 2024 and 2023

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, 2024 and December 31, 2023.

Debt instruments by credit rating	Percentage of Net Asset Value	
	June 30, 2024	December 31, 2023
AAA	(0.00)	-
AA-	-	0.07
BBB	0.02	-
BBB-	0.00	(0.00)
BB+	0.01	0.02
BB	-	0.01
B+	-	0.03
B	0.00	0.01
CCC+	0.01	0.02
CCC	-	(0.01)
NR	0.18	0.13

*Excludes cash and cash equivalents.

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, 2024 and 2023

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, 2024, the Fund's lowest and highest aggregate gross exposure was 101.4% (December 31, 2023 – 91.1%) and 222.1% (December 31, 2023 – 161.5%) 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, 2024 and 2023

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, 2024 and December 31, 2023, 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, 2024	December 31, 2023
Less than 1 year	\$ 5,618,595	\$ 3,004,361
1 - 3 years	19,376,190	29,190,062
3 - 5 years	10,033,446	5,462,692
Greater than 5 years	19,436,984	26,854,812
Total exposure	\$ 54,465,215	\$ 64,511,927
Effect in % attributable to holders of redeemable units	23.57	23.10

*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, 2024 and 2023

5. Financial risk management (continued):

As at June 30, 2024, 95.88% (December 31, 2023 – 74.58%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while 24.81% (December 31, 2023 – 17.86%) 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 \$16,424,511 or 7.11% (December 31, 2023 - \$15,840,087 or 5.67%) 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, 2024, are as follows:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary cor	Total	Monetary	Non-Monetary	Total
June 30, 2024						
U.S. Dollar	\$ 954,608	\$ 33,738,304	\$ 34,692,912	\$ 47,730	\$ 1,686,915	\$ 1,734,645
% of Net Assets						
Attributable to Holders						
of Redeemable Units	0.41	14.60	15.01	0.02	0.73	0.75

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

5. Financial risk management (continued):

Currencies to which the Fund had exposure as at December 31, 2023, are as follows:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary cor	Total	Monetary	Non-Monetary	Total
December 31, 2023						
U.S. Dollar	\$ (15,438,552)	\$ 29,194,714	\$ 13,756,162	\$ (771,928)	\$ 1,459,736	\$ 687,808
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(5.53)	10.46	4.93	(0.28)	0.52	0.24

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, 2024, 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 \$1,734,645 (December 31, 2023 - \$687,808). 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, 2024 and 2023

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, 2024:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 215,203,634	\$ 4,276,347	\$ 3,205,546	\$ 222,685,527
Fixed Income	–	52,494,602	9,043,600	61,538,202
Options	241,393	–	–	241,393
Forwards	–	141,714	–	141,714
Warrants	1,081,405	775,063	51	1,856,519
	\$ 216,526,432	\$ 57,687,726	\$ 12,249,197	\$ 286,463,355
Liabilities				
Common stocks	\$ 56,822,200	–	–	\$ 56,822,200
Fixed Income	–	7,072,987	–	7,072,987
Options	490,395	20,140	–	510,535
Forwards	–	40,323	–	40,323
	\$ 57,312,595	\$ 7,133,450	–	\$ 64,446,045

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

	Total
Beginning Balance, January 01, 2024	\$ 11,411,479
Purchases	988,000
Net transfers out of Level 3	(77,502)
Realized losses included in net income	(2,932,461)
Change in unrealized appreciation included in net income	2,859,681
Ending Balance, June 30, 2024	\$ 12,249,197

During the period ended June 30, 2024, the warrant Gold Flora Corp \$11.50 was transferred from Level 2 to Level 1 and the warrant Gryphon Digital Mining Inc. \$18.9734 30JUN2024 was transferred from Level 3 to Level 2 as the underlying stock is being publicly traded on an exchange as observed on the measurement date. As at June 30, 2024, the fair values of these warrants were \$982 and \$nil respectively.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 207,289,649	\$ —	\$ 3,092,316	\$ 210,381,965
Fixed Income	9,155,286	52,472,980	8,241,610	69,869,876
Money Market	—	34,992,020	—	34,992,020
Options	192,584	—	—	192,584
Forwards	—	409	—	409
Warrants	209,042	597,576	77,553	884,171
	\$ 216,846,561	\$ 88,062,985	\$ 11,411,479	\$ 316,321,025
Liabilities				
Common stocks	\$ 49,667,129	\$ —	\$ —	\$ 49,667,129
Fixed Income	—	5,357,949	—	5,357,949
Options	220,854	—	—	220,854
Forwards	—	2,157	—	2,157
	\$ 49,887,983	\$ 5,360,106	\$ —	\$ 55,248,089

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	5,246,954
Sales	(9,180,483)
Net transfers out of Level 3	(88,992)
Realized gains included in net income	368,478
Change in unrealized depreciation included in net income	(759,216)
Ending Balance, December 31, 2023	\$ 11,411,479

During the period ended December 31, 2023, the level for warrant Esport Technologies Inc. \$30 was changed from Level 3 to Level 2 as the underlying security is being publicly traded on an exchange as observed on measurement date. As at December 31, 2023, the fair value of the warrant was \$70.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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 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, 2024	Fair value at December 31, 2023
Warrants	Black-Scholes model	Market volatility	A 10% decrease in volatility will cause a \$5 decrease in fair market value.	51	77,553
Unlisted Fixed Income	Market Approach	Interest Rates	A 1% increase in Yield to Maturity would cause a \$18,700 decrease in market value	2,000,000	2,035,710
Unlisted convertible securities	Market Approach	Underlying Security Value	A 10% decrease in the price of the underlying security once converted would cause a \$704,360 decrease in the fair market value.	7,043,600	6,205,900
Unlisted private securities	Recent Transaction Prices	Market Values	A 10% decrease in the price of the underlying security would cause a \$320,554 decrease in the fair market value.	3,205,546	3,092,316
				\$ 12,249,197	\$ 11,411,479

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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, 2024 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, 2024	CAD	CIBC	1.367894 \$	5,046,198 \$	5,064,193 \$	(17,995)

Class G US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
July 31, 2024	CAD	CIBC	1.367894 \$	324,947 \$	325,410 \$	(463)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

7. Derivative financial instruments (continued):

The following tables detail the Fund's investments in forward contracts as at December 31, 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 gain
February 29, 2024	CAD	CIBC	1.3193 \$	5,528,398 \$	5,528,000 \$	398

Class G US:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain
February 29, 2024	CAD	CIBC	1.3193 \$	147,011 \$	147,000 \$	11

The following table details the Fund's investments in forward contracts as at June 30, 2024 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain
July 31, 2024	USD	CIBC	1.367894 \$	(9,985,626) \$	(10,081,800) \$	96,174

The following table details the Fund's investments in forward contracts as at December 31, 2023 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
February 29, 2024	USD	CIBC	1.3193 \$	(29,950,153) \$	(29,947,997) \$	(2,157)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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, 2024:

Description	Maturity Date	Strike price	Notional Amount	Fair value
Bonterra Energy Corp	20-Oct-25	\$ 7.75	\$ 868,000	38,699
i-80 Gold Corp.	01-May-28	2.15	4,723,335	752,438
Orla Mining Ltd	18-Dec-26	3.00	780,000	731,864
Theralase Technologies Inc.	22-Aug-24	0.35	315,000	4,500
Trillion Energy International Inc.	29-Jun-25	0.50	2,970,834	29,708
Antibe Therapeutics Inc.	31-Jul-24	1.50	495,000	—
Gold Flora Corp.	15-Jan-26	11.50	1,649,675	982
Gryphon Digital Mining Inc.	30-Jun-24	18.97	3,250,011	—
EBET Inc.	08-Feb-27	150.00	1,512,300	38
EBET Inc.	06-Aug-28	30.60	98,716	13
Gold Royalty Corp.	31-May-27	2.25	2,580,525	298,277

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

7. Derivative financial instruments(continued):

The following table detail the Fund's investments in warrants as at December 31, 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	53,546
Canopy Growth Corp.	19-Feb-24	0.34	4,152,720	60,500
Orla Mining Ltd	18-Dec-26	3.00	780,000	511,490
Plus Products Inc.	28-Feb-24	1.10	322,113	–
Plus Products Inc.	28-Feb-24	8.00	462,000	–
Theralase Technologies Inc.	22-Aug-24	0.35	315,000	31,500
Trillion Energy International Inc.	29-Jun-25	0.50	2,970,834	148,542
Esports Technologies Inc.	08-Feb-27	30.00	302,460	70
Gold Flora Corp.	15-Jan-26	11.50	1,649,675	947
Gryphon Digital Mining Inc.	30-Jun-24	18.97	3,250,011	77,553
EBET Inc.	06-Aug-28	1.02	3,291	23

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, 2024 and 2023

7. Derivative financial instruments(continued):

The following table summarizes the Fund's investments in options as at June 30, 2024:

Description	Maturity Date	Strike price	Notional Amount
Bank of Montreal Call \$128	16-Aug-24	\$ 128.00	\$ 5,964,800
iShares S&P/TSX 60 Index ETF Call \$33.25	28-Jun-24	33.25	44,202,550
iShares S&P/TSX 60 Index ETF Put \$32.50	19-Jul-24	32.50	43,296,500
Suncor Energy Inc. Call \$53	16-Aug-24	53.00	2,273,700
SPDR S&P 500 ETF Trust Put \$530	19-Jul-24	530.00	22,737,000
Bank of Montreal Put \$115	16-Aug-24	115.00	(5,359,000)
BRP Inc. Put \$85	19-Jul-24	85.00	(3,196,000)
GFL Environmental Inc. Put \$45	19-Jul-24	45.00	(4,221,000)
iShares S&P/TSX 60 Index ETF Put \$31.50	19-Jul-24	31.50	(46,087,650)
Orla Mining Ltd. Call \$5.50	20-Dec-24	5.50	(1,430,000)
Suncor Energy Inc. Call \$56	16-Aug-24	56.00	(2,402,400)
Suncor Energy Inc. Put \$47	16-Aug-24	47.00	(2,213,700)
WSP Global Inc. Call \$220	19-Jul-24	220.00	(4,664,000)
SPDR S&P 500 ETF Trust Put \$515	19-Jul-24	515.00	(22,093,500)

The following table summarizes the Fund's investments in options as at December 31, 2023:

Description	Maturity Date	Strike price	Notional Amount
iShares S&P/TSX 60 Index ETF Call \$32	05-Jan-24	\$ 32.00	\$ 33,715,200
Franco-Nevada Corp. Call \$125	19-Jan-24	125.00	4,637,500
BRP Inc. Put \$75	19-Jan-24	75.00	(2,505,000)
Cenovus Energy Inc. Put \$20	19-Jan-24	20.00	(3,696,000)
Cogeco Communications Inc. Put \$50	19-Jan-24	50.00	(3,685,000)
Metro Inc/CN Put \$68	19-Jan-24	68.00	(3,345,600)
The North West Co Inc. Call \$42	19-Jan-24	42.00	(7,350,000)
Franco-Nevada Corp. Call \$135	19-Jan-24	135.00	(5,008,500)
Franco-Nevada Corp. Put \$110	19-Jan-24	110.00	(4,081,000)

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2024 and 2023 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, 2024					
Class F	\$	13,185,298	20,033,907	\$	0.66
Class F US		551,516	447,245		1.23
Class G		1,902,688	3,088,366		0.62
Class G US		15,692	15,103		1.04
Class I		82,248	90,366		0.91
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

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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, 2023, the Fund had net capital loss carryforwards of \$13,864,607 (2022 – \$8,630,666) and non-capital loss carryforwards of nil (2022 – 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 income (loss). Brokerage business is allocated in good faith based on which broker can deliver to the Fund the best results in relation to order execution and research services utilized. Subject to these criteria, the Manager may allocate business to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. The ascertainable "soft dollar" value received as a percentage of total commissions and other portfolio transaction costs paid during the periods ended June 30, 2024 and 2023, is disclosed below:

	June 30, 2024	June 30, 2023
Soft dollar relationships	4	7
Percentage of total commissions and other portfolio transaction costs	6.11%	14.08%

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

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. Generally 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, 2024 and the year December 31, 2023, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The change in fair value of each Investee Fund is included in the statements of comprehensive income in net change in unrealized appreciation (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, 2024 and December 31, 2023:

Type	Number of Investee Funds	Net assets value of Investee Funds	Investment fair value	% of net assets attributable to holders of redeemable units
Real estate investment trusts	1	\$ 9,334,521,000	\$ 7,592,060	3.29%

As of December 31, 2023 the Fund did not hold any interest in the structured entity.

NEWGEN ALTERNATIVE INCOME FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 2023

12. Involvement with unconsolidated structured entities (continued):

Investee Funds included the following:

June 30, 2024	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 \$	9,334,521,000 \$	9,334,521,000

As of December 31, 2023, the Fund does not hold any interest in the structured entity.

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.