

Financial Statements of

**NEWGEN CREDIT
STRATEGIES 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 CREDIT STRATEGIES 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	\$ 10,332	\$ 1,827
Due from broker	4,286,306	1,023,063
Investments owned, at fair value through profit or loss (note 6)	61,635,727	33,669,037
Interest and dividends receivable	868,664	516,463
Subscriptions receivable	872,421	253,169
Unrealized appreciation of derivatives (note 2, 6)	24,077	200,349
Other receivables	16,665	12,149
Receivable for investment sold	498,355	2,076,185
Prepaid expenses	29,645	25,000
	<u>68,242,192</u>	<u>37,777,242</u>
LIABILITIES		
Current liabilities		
Investments sold short, at fair value through profit or loss (note 6)	8,736,210	2,092,735
Accounts payable and accrued liabilities	86,638	67,263
Management fees payable (note 3)	37,681	13,381
Performance fees payable (note 3)	352,603	158,807
Dividends payable on investments sold short	110,683	29,542
Redemptions payable	300	38,605
Unrealized depreciation of derivatives (note 2, 6)	68,576	2,610
Other payables	39,938	20,398
Payable for investments purchased	701,735	1,085,734
	<u>10,134,364</u>	<u>3,509,075</u>
Net assets attributable to holders of redeemable units	<u>\$ 58,107,828</u>	<u>\$ 34,268,167</u>
Net assets attributable to holders of redeemable units per Class		
Class C	\$ 49,629,438	\$ 31,251,163
Class F	4,104,263	82,120
Class F USD	168,881	211,261
Class G	2,388,082	1,183,887
Class G USD	1,679	1,500
Class I	<u>1,815,485</u>	<u>1,538,236</u>
	<u>\$ 58,107,828</u>	<u>\$ 34,268,167</u>
Number of redeemable units outstanding (note 4)		
Class C	4,262,185	2,849,654
Class F	350,060	7,438
Class F USD	10,370	14,282
Class G	208,628	109,133
Class G USD	108	106
Class I	<u>153,036</u>	<u>140,530</u>

NEWGEN CREDIT STRATEGIES 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 C	\$ 11.64	\$ 10.97
Class F	11.72	11.04
Class F USD	16.29	14.79
Class G	11.45	10.85
Class G USD	15.55	14.15
Class I	11.86	10.95

See accompanying notes to financial statements.

Approved on behalf of the Fund:

"David Dattels"

Manager
NewGen Asset Management Limited

NEWGEN CREDIT STRATEGIES FUND

Statements of Comprehensive Income (Unaudited)

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

	2024	2023
Income		
Dividends	\$ 529,222	\$ 106,743
Interest income for distribution purposes	1,398,504	222,070
Net realized gain on sale of investments, including foreign exchange adjustments	3,024,944	174,385
Net realized (loss) gain on forward contracts	(447,933)	94,653
Net change in unrealized appreciation (depreciation) in value of investments, including foreign exchange adjustments	1,301,766	(68,423)
Net change in unrealized (depreciation) appreciation on derivatives (note 2)	(242,238)	79,033
Other income	854	—
	<u>5,565,119</u>	<u>608,461</u>
Expenses		
Performance fees (note 3)	756,820	57,337
Management fees (note 3)	217,850	31,500
Interest and borrowing fees	214,201	12,689
Withholding tax	209,078	—
Operating costs	76,844	48,336
Commissions and other portfolio transaction costs	65,332	8,942
Dividends paid on investments sold short	43,782	4,133
Audit fees	41,664	39,006
Legal fees	18,873	5,245
Custodian fees	3,134	—
	<u>1,647,578</u>	<u>207,188</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 3,917,541</u>	<u>\$ 401,273</u>
Increase in net assets attributable to holders of redeemable units per Class		
Class C	\$ 3,487,800	\$ 272,455
Class F	87,478	416
Class F USD	29,994	43
Class G	132,949	16,597
Class G USD	179	90
Class I	179,141	111,672
	<u>\$ 3,917,541</u>	<u>\$ 401,273</u>
Increase in net assets attributable to holders of redeemable units per unit (note 9)		
Class C	\$ 0.88	\$ 0.44
Class F	0.93	0.40
Class F USD	1.74	0.09
Class G	0.80	0.50
Class G USD	1.67	0.90
Class I	1.14	1.02

NEWGEN CREDIT STRATEGIES 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 C	\$ 31,251,163	\$ 27,622,314	\$ (12,206,587)	\$ (946,236)	\$ 420,984	\$ 3,487,800	\$ 49,629,438
Class F	82,120	3,952,699	(12,026)	(21,641)	15,633	87,478	4,104,263
Class F USD	211,261	117,496	(188,310)	(5,666)	4,106	29,994	168,881
Class G	1,183,887	1,143,157	(65,368)	(39,057)	32,514	132,949	2,388,082
Class G USD	1,500	—	—	(35)	35	179	1,679
Class I	1,538,236	289,251	(187,043)	(37,934)	33,834	179,141	1,815,485
	<u>\$ 34,268,167</u>	<u>\$ 33,124,917</u>	<u>\$ (12,659,334)</u>	<u>\$ (1,050,569)</u>	<u>\$ 507,106</u>	<u>\$ 3,917,541</u>	<u>\$ 58,107,828</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 \$47,995 and \$(47,995), 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 in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
2023							
Class C	\$ 1,000	\$ 16,433,088	\$ (529,946)	\$ (49,008)	\$ 11,904	\$ 272,455	\$ 16,139,493
Class F	1,000	26,500	—	(102)	28	416	27,842
Class F USD	1,353	10,265	—	(43)	43	43	11,661
Class G	50,248	655,900	(8,538)	(2,333)	2,308	16,597	714,182
Class G USD	1,354	—	—	(6)	5	90	1,443
Class I	402,396	791,156	—	(4,655)	4,192	111,672	1,304,761
	<u>\$ 457,351</u>	<u>\$ 17,916,909</u>	<u>\$ (538,484)</u>	<u>\$ (56,147)</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

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 in net assets attributable to holders of redeemable units	\$ 3,917,541	\$ 401,273
Adjustments for non-cash items		
Net realized gain on sale of investments, including foreign exchange adjustments	(3,024,944)	(174,385)
Net change in unrealized (appreciation) depreciation in value of investments, including foreign exchange adjustments	(1,301,766)	68,423
Net change in unrealized depreciation (appreciation) on derivatives	242,238	(79,033)
Change in non-cash balances		
Increase in due from broker	(3,263,243)	–
Increase in interest and dividends receivable	(352,201)	(219,539)
Increase in other receivables	(4,516)	(2,245)
Decrease (increase) in receivable for investments sold	1,577,830	(1,993,759)
Increase in prepaid expenses	(4,645)	–
Increase in due to broker	–	558,322
Increase in accounts payable and accrued liabilities	19,375	53,824
Increase in management fees payable	24,300	9,469
Increase in performance fees payable	193,796	38,104
Increase in dividends payable on investments sold short	81,141	17,575
Increase in other payables	19,540	4,872
(Decrease) increase in payable for investments purchased	(383,999)	2,585,805
Proceeds from sale of investments	286,442,850	102,947,318
Purchase of investments	(303,403,980)	(119,274,504)
Cash used in operating activities	<u>(19,220,683)</u>	<u>(15,058,480)</u>
Financing Activities		
Proceeds from redeemable units issued	32,457,670	15,856,645
Amount paid on redemption of redeemable units	(12,649,644)	(525,309)
Distributions to holders of redeemable units, net of reinvestments	<u>(543,463)</u>	<u>(37,666)</u>
Cash provided by financing activities	<u>19,264,563</u>	<u>15,293,670</u>
Increase in cash during the period	43,880	235,190
Foreign exchange loss on cash	(35,375)	(17,304)
Cash, beginning of period	<u>1,827</u>	<u>150,486</u>
Cash, end of period	<u>\$ 10,332</u>	<u>\$ 368,372</u>
Supplemental information*		
Interest paid	\$ 43,097	\$ 9,100
Interest received	1,107,277	33,373
Dividends paid	42,336	4,023
Dividends received, net of withholding taxes	447,934	75,901

*Included as a part of cash flows from operating activities

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
6,200	BCE Inc. Preferred Shares 0%	\$ 102,454	\$ 104,408	0.18
9,500	Brookfield Corp. Preferred Shares 4.029%	176,198	192,185	0.33
2,800	Brookfield Corp. Preferred Shares 6.45%	30,947	31,332	0.05
45,700	Brookfield Office Properties Inc. Preferred Shares 2.70%	376,694	425,010	0.73
37,000	Brookfield Office Properties Inc. Preferred Shares 5.10%	294,560	446,220	0.77
28,200	Brookfield Office Properties Inc. Preferred Shares 5.15%	232,847	321,480	0.55
33,400	Brookfield Office Properties Inc. Preferred Shares 6.15%	253,910	376,418	0.65
237,000	Canso Credit Income Fund	3,559,490	3,564,480	6.13
10,000	Cenovus Energy Inc. Preferred Shares 4.591%	234,300	241,400	0.42
78,100	Dividend 15 Split Corp. Preferred Shares 5.25%	769,644	779,438	1.34
10,000	Fortis Inc. Preferred Shares 1.95%	159,151	161,600	0.28
9,100	Fortis Inc. Preferred Shares 4.10%	169,077	180,453	0.31
10,000	Manulife Financial Corp. Preferred Shares 3.90%	197,434	216,600	0.37
219,600	PIMCO Tactical Income Fund	1,453,184	1,418,616	2.44
206,300	Pimco Tactical Income Opportunities Fund	1,465,489	1,462,667	2.52
385,600	Premium Income Corp. Preferred Shares 5.75%	5,471,952	5,629,760	9.69
20,000	TC Energy Corp. Preferred Shares 3.762%	339,600	365,400	0.63
5,500	TC Energy Corp. Preferred Shares 6.92%	89,062	89,925	0.15
133,200	Thomson Reuters Corp. Preferred Shares 0%	1,792,997	1,791,540	3.08
10,000	TransAlta Corp. Preferred Shares 5.30%	225,074	227,600	0.39
		<u>17,394,064</u>	<u>18,026,532</u>	<u>31.01</u>
Canadian fixed income				
1,524,000	Chemtrade Logistics Income Fund 6.25% 31AUG27	1,575,577	1,590,248	2.74
69,000	Chemtrade Logistics Income Fund 8.50% 30SEP25	89,955	90,328	0.16
4,837,000	Chip Mortgage Trust 1.503% 15NOV24	4,695,911	4,773,200	8.21
2,845,300	Cineplex Inc. 7.75% 01MAR30	2,948,099	3,114,010	5.36
3,750,000	Dye & Durham Ltd. 3.75% 01MAR26	3,292,913	3,625,461	6.24
250,000	ECN Capital Corp. 6% 31DEC25	201,206	206,735	0.36
723,000	NorthWest Healthcare Properties Real Estate Investment Trust 10% 31MAR25	704,597	727,844	1.25
1,915,000	Park Lawn Corp. 5.75% 31DEC25	1,948,816	1,965,748	3.38
2,000,000	Tidewater Midstream and Infrastructure Ltd. 8% 30JUN29	2,000,000	2,030,000	3.49
		<u>17,457,074</u>	<u>18,123,574</u>	<u>31.19</u>
Canadian options				
12,500	BMO Equal Weight Banks Index ETF Put \$25 20DEC24	7,775	1,500	0.00
37,500	BMO Equal Weight Banks Index ETF Put \$26 20DEC24	4,875	4,875	0.01
160,000	BMO Equal Weight Banks Index ETF Put \$28 20DEC24	27,200	24,000	0.04
11,600	iShares S&P/TSX 60 Index ETF Put \$21 20DEC24	3,828	2,378	0.00
		<u>43,678</u>	<u>32,753</u>	<u>0.05</u>
U.S. equity				
30,800	United States Cellular Corp. Preferred Shares 6.25%	969,948	942,255	1.62

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
U.S. fixed income				
1,500,000	Atlantica Sustainable Infrastructure PLC 4.125% 15JUN28	\$ 2,004,210	\$ 2,012,856	3.46
1,000,000	Cable One Inc. 1.125% 15MAR28	1,004,672	1,020,974	1.76
1,000,000	Cable One Inc. 4% 15NOV30	997,618	1,022,726	1.76
2,000,000	Calfrac Holdings LP 10.875% 15MAR26	2,647,002	2,728,977	4.70
1,000,000	Calumet Specialty Products Partners LP / Calumet Finance Corp. 11% 15APR25	1,367,604	1,374,248	2.36
1,274,000	Conuma Resources Ltd. 13.125% 01MAY28	1,689,273	1,774,142	3.05
1,375,000	Getty Images Inc. 9.75% 01MAR27	1,863,955	1,885,525	3.24
1,750,000	Loyalty Ltd. 5.75% 20JAN26	2,311,575	2,280,828	3.93
1,250,000	Herbalife Nutrition Ltd / HLF Financing Inc. 7.875% 01SEP25	1,682,065	1,682,016	2.89
500,000	NMG Holding Co Inc / Neiman Marcus Group LLC 7.125% 01APR26	680,160	677,905	1.17
1,150,000	Office Properties Income Trust 9% 31MAR29	1,407,371	1,439,108	2.48
1,000,000	Saturn Oil & Gas Inc. 9.625% 15JUN29	1,370,450	1,382,173	2.38
1,105,000	Summit Midstream Holdings LLC / Summit Midstream Finance Corp. 9% 15OCT26	1,524,928	1,556,342	2.68
670,000	The Goodyear Tire & Rubber Co. 9.50% 31MAY25	914,224	919,774	1.58
2,000,000	Vista Outdoor Inc. 4.50% 15MAR29	2,670,254	2,752,848	4.74
		<u>24,135,361</u>	<u>24,510,442</u>	<u>42.18</u>
U.S. option				
2,500	Financial Select Sector SPDR Fund Put \$24 20SEP24	1,453	171	0.00
	Total investments owned	60,001,578	61,635,727	106.05
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian equities				
(9,000)	Allied Properties Real Estate Investment Trust	\$ (146,544)	\$ (137,790)	(0.24)
(30,500)	Artis Real Estate Investment Trust	(197,715)	(194,590)	(0.33)
(80,000)	BMO Laddered Preferred Share Index ETF	(772,894)	(814,000)	(1.40)
(67,600)	Premium Income Corp.	(255,918)	(270,400)	(0.47)
(109,453)	Victoria Gold Corp.	(142,267)	(116,020)	(0.20)
		<u>(1,515,338)</u>	<u>(1,532,800)</u>	<u>(2.64)</u>
Canadian fixed income				
(1,000,000)	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	(782,525)	(780,550)	(1.34)
(1,000,000)	Allied Properties Real Estate Investment Trust 3.113% 08APR27	(912,500)	(921,210)	(1.59)
(415,000)	NFI Group Inc. 5% 15JAN27	(338,553)	(384,087)	(0.66)
(300,000)	Thames Water Utilities Finance PLC 2.875% 12DEC24	(281,347)	(293,145)	(0.50)
		<u>(2,314,925)</u>	<u>(2,378,992)</u>	<u>(4.09)</u>

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	Canadian warrant			
(11)	Constellation Software Inc. \$0 31MAR40	\$ —	\$ —	—
	U.S. equity			
(7,000)	Hawaiian Holdings Inc.	(118,302)	(119,099)	(0.20)
	U.S. fixed income			
(500,000)	Advance Auto Parts Inc. 3.90% 15APR30	(598,883)	(618,671)	(1.06)
(500,000)	Amer Sports Co. 6.75% 16FEB31	(681,583)	(683,592)	(1.18)
(500,000)	Baytex Energy Corp. 7.375% 15MAR32	(676,077)	(695,884)	(1.20)
(500,000)	Compass Minerals International Inc. 6.75% 01DEC27	(653,016)	(655,012)	(1.13)
(500,000)	Sally Holdings LLC / Sally Capital Inc. 6.75% 01MAR32	(674,479)	(676,824)	(1.16)
(500,000)	Station Casinos LLC 6.625% 15MAR32	(676,101)	(681,861)	(1.17)
(500,000)	Vail Resorts Inc. 6.50% 15MAY32	(684,750)	(693,475)	(1.19)
		(4,644,889)	(4,705,319)	(8.09)
	Total investments sold short	(8,593,454)	(8,736,210)	(15.02)
	Commissions and other portfolio transaction costs	(6,515)	—	—
	Net investments owned	\$ 51,401,609	52,899,517	91.03
	Unrealized loss, foreign exchange forward contracts (Schedule 1)		(44,499)	(0.08)
	Other assets, net		5,252,810	9.05
	Net Assets Attributable to Holders of Redeemable Units		\$ 58,107,828	100.00

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized gain (loss)
July 22, 2024	USD	CAD	1.364200	\$ (22,918,560)	(22,985,508) \$	(66,948)
July 22, 2024	USD	CAD	1.369180	(2,642,517)	(2,640,597)	1,920
July 22, 2024	USD	CAD	1.374260	(1,750,000)	(1,742,264)	7,736
July 22, 2024	USD	CAD	1.367920	(800,233)	(800,388)	(155)
July 22, 2024	USD	CAD	1.369180	(145,133)	(145,028)	105
July 22, 2024	CAD	USD	1.364127	3,410,318	3,420,463	10,145
July 22, 2024	CAD	USD	1.369230	1,930,614	1,929,141	(1,473)
July 22, 2024	CAD	USD	1.365600	1,741,140	1,744,436	3,296
July 22, 2024	CAD	USD	1.364350	309,365	310,235	870
July 22, 2024	CAD	USD	1.364350	1,635	1,640	5
Total unrealized loss on foreign exchange forward contracts					\$	(44,499)

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

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

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 15, 2024.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

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

2. Material accounting policy information:

The following is a summary of the Fund's 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 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, 2024 and 2023

2. Material accounting policy information (continued):

The Fund classifies its investments in equities, fixed income, derivatives, warrants 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, 2024 and 2023

2. Material accounting policy information (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 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.

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 statements of comprehensive income.

NEWGEN CREDIT STRATEGIES 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:

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

(f) Investment entity:

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

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

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

(g) Derecognition:

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

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

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

2. Material accounting policy information (continued):

(h) Commissions and other portfolio transaction costs:

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

(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, 2024 and 2023

2. Material accounting policy information (continued):

(l) Income taxes:

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

(m) Translation of foreign currencies:

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

Foreign exchange gains and losses relating to cash and FVTPL assets and liabilities are presented in the statements of comprehensive income 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 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, 2024 and 2023

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

2. Material accounting policy information (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, 2024 and 2023

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, 2024 and 2023

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, 2024, 41,600 Class I units (December 31, 2023 – 56,316 Class I units) were owned by the Manager and its officers, which represents \$493,509 (December 31, 2023 – \$616,424) 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, 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 C	2,849,654	2,438,029	(1,062,675)	37,177	4,262,185
Class F	7,438	342,330	(1,063)	1,355	350,060
Class F USD	14,282	7,594	(11,768)	262	10,370
Class G	109,133	102,451	(5,866)	2,910	208,628
Class G USD	106	—	—	2	108
Class I	140,530	25,451	(15,912)	2,967	153,036
2023					
Class C	100	1,524,702	(48,765)	1,095	1,477,132
Class F	100	2,448	—	3	2,551
Class F USD	100	702	—	3	805
Class G	5,025	61,303	(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.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

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

4. Redeemable units of the Fund (continued):

(a) 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 TD Securities Inc which is rated AA- and Scotiabank which is rated A+ by S&P Global Rating.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

For the six-months ended June 30, 2024 and 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, 2024 and December 31, 2023.

Debt instruments by credit rating*	Percentage of Net Asset Value	
	June 30, 2024	December 31, 2023
AAA	8.31%	2.86%
A-	6.35%	—
BBB	0.00%	1.14%
BBB-	(3.48%)	9.72%
BB+	2.40%	9.66%
BB	1.63%	10.60%
BB-	1.20%	5.90%
B+	6.33%	11.65%
B	8.96%	2.50%
B-	1.78%	2.65%
CCC+	6.91%	4.84%
CCC	2.43%	2.59%
NR	24.33%	14.14%

*Excludes cash and cash equivalents.

(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, 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 107% (December 31, 2023 – 49%) and 168% (December 31, 2023 – 184%) of the Fund's NAV, respectively. The primary source of leverage was short positions in credit 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, 2024 and 2023

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, 2024 and December 31, 2023, the Fund's interest rate exposure by duration bucket is as follows:

Debt instruments* by maturity date	June 30, 2024	December 31, 2023
Less than 1 year	\$ 7,501,921	\$ 1,776,352
1 - 3 years	15,394,568	11,618,263
3 - 5 years	13,347,337	3,667,182
Greater than 5 years	(694,121)	9,041,866
Net exposure	\$ 35,549,705	\$ 26,103,663
Effect in %		
Net assets attributable to holders of redeemable units	61.18	76.17

*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, 2024 and 2023

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, 2024, 32.7% (December 31, 2023 – 18.9%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while 2.8% (December 31, 2023 – 2.9%) 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 \$1,734,981 or 3.0% (December 31, 2023 - \$547,264 or 1.6%) 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.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

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

5. Financial risk management (continued):

(iii) Currency risk (continued):

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	Total	Monetary	Non-Monetary	Total
June 30, 2024						
U.S. Dollar	\$ (16,458,101)	\$ 20,628,450	\$ 4,170,349	\$ (822,905)	\$ 1,031,423	\$ 208,518
	\$ (16,458,101)	\$ 20,628,450	\$ 4,170,349	\$ (822,905)	\$ 1,031,423	\$ 208,518
%						
of Net Assets						
Attributable to Holders						
of Redeemable Units	(28.32)	35.50	7.18	(1.42)	1.78	0.36

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	Total	Monetary	Non-Monetary	Total
December 31, 2023						
U.S. Dollar	\$ (17,102,607)	\$ 17,146,045	\$ 43,438	\$ (855,130)	\$ 857,302	\$ 2,172
	\$ (17,102,607)	\$ 17,146,045	\$ 43,438	\$ (855,130)	\$ 857,302	\$ 2,172
%						
of Net Assets						
Attributable to Holders						
of Redeemable Units	(49.91)	50.04	0.13	(2.50)	2.50	0.00

NEWGEN CREDIT STRATEGIES 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	\$ 18,968,787	\$ —	\$ —	\$ 18,968,787
Fixed Income	3,841,854	38,792,162	—	42,634,016
Options	32,924	—	—	32,924
Forwards	—	24,077	—	24,077
	\$ 22,843,565	\$ 38,816,239	\$ —	\$ 61,659,804
Liabilities				
Common stocks	\$ 1,651,899	\$ —	\$ —	\$ 1,651,899
Fixed Income	384,087	6,700,224	—	7,084,311
Forwards	—	68,576	—	68,576
	\$ 2,035,986	\$ 6,768,800	\$ —	\$ 8,804,786

During the period ended June 30, 2024, there were no transfer of levels between securities.

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	\$ 6,471,452	\$ —	\$ —	\$ 6,471,452
Fixed Income	1,768,559	25,419,887	—	27,188,446
Options	9,139	—	—	9,139
Forwards	—	200,349	—	200,349
	\$ 8,249,150	\$ 25,620,236	\$ —	\$ 33,869,386
Liabilities				
Common stocks	\$ 1,004,156	\$ —	\$ —	\$ 1,004,156
Fixed Income	357,222	727,561	—	1,084,783
Options	3,796	—	—	3,796
Forwards	—	2,610	—	2,610
	\$ 1,365,174	\$ 730,171	\$ —	\$ 2,095,345

During the year ended December 31, 2023, there were no transfer of levels between securities, there were no transfer of levels between securities

NEWGEN CREDIT STRATEGIES 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 gain
July 22, 2024	CAD	TD Securities	1.368185 \$	165,207 \$	164,232 \$	975

Class G US

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain
July 22, 2024	CAD	TD Securities	1.368185 \$	1,640 \$	1,635 \$	5

NEWGEN CREDIT STRATEGIES 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 loss
March 19, 2024	CAD	TD Securities	1.319059 \$	210,908 \$	213,500 \$	(2,592)

Class G US

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
March 19, 2024	CAD	TD Securities	1.319059 \$	1,482 \$	1,500 \$	(18)

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 loss
July 22, 2024	USD	TD Securities	1.368185 \$	(21,074,718) \$	(21,029,239) \$	(45,479)

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 gain
March 19, 2024	USD	TD Securities	1.319059 \$	(17,696,085) \$	(17,896,434) \$	200,349

NEWGEN CREDIT STRATEGIES 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
Constellation Software Inc.	31-Mar-40	\$	0.31	\$	(3) \$	—

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

Description	Maturity Date	Strike price			Notional Amount	Fair value
Constellation Software Inc.	31-Mar-40	\$	\$	0.31	\$ \$	(3) \$ —

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements (continued)

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

7. Derivative financial instruments (continued):

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.

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

Description	Maturity Date	Strike price	Notional Amount
BMO Equal Weight Banks Index ETF	20-Dec-24	\$ 25.00	\$ 312,500
BMO Equal Weight Banks Index ETF	20-Dec-24	26.00	975,000
BMO Equal Weight Banks Index ETF	20-Dec-24	28.00	4,480,000
iShares S&P/TSX 60 Index ETF	20-Dec-24	21.00	243,600
Financial Select Sector SPDR Fund	20-Sep-24	24.00	60,000

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

Description	Maturity Date	Strike price	Notional Amount
BMO Equal Weight Banks Index ETF	20-Dec-24	\$ 25.00	\$ 312,500
iShares S&P/TSX 60 Index ETF	20-Dec-24	21.00	243,600
BlackBerry Ltd.	19-Jan-24	3.50	52,500
Financial Select Sector SPDR Fund	20-Sep-24	24.00	60,000
iShares iBoxx High Yield Corporate Bond ETF	19-Jan-24	72.00	4,140,000
iShares iBoxx High Yield Corporate Bond ETF	19-Jan-24	69.00	(3,967,500)

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

9. 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 periods ended June 30, 2024 and 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
June 30, 2024			
Class C	\$ 3,487,800	3,961,409	\$ 0.88
Class F	87,478	94,372	0.93
Class F USD	29,994	17,230	1.74
Class G	132,949	165,671	0.80
Class G USD	179	107	1.67
Class I	179,141	156,713	1.14
June 30, 2023			
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

NEWGEN CREDIT STRATEGIES 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 nil (2022 – nil) 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. 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	39.85%	73.79%
