

Financial Statements of

**NEWGEN CREDIT
STRATEGIES FUND**

And Independent Auditor's Report thereon

For the years ended December 31, 2025 and 2024

Independent Auditor's Report

To the Unitholders of
NewGen Credit Strategies Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2026

NEWGEN CREDIT STRATEGIES FUND

Statements of Financial Position

As at December 31, 2025 and December 31, 2024

	2025	2024
ASSETS		
Current assets		
Cash	\$ 4,504,930	\$ 6,050,143
Investments owned, at fair value through profit or loss (note 6)	238,445,152	109,215,707
Interest and dividends receivable	2,489,665	1,290,101
Other receivables	259,464	215,749
Prepaid expenses	22,312	43,428
Subscriptions receivable	757,750	32,231
Unrealized appreciation of derivatives (note 2, 6)	2,301,063	30,568
	<u>248,780,336</u>	<u>116,877,927</u>
LIABILITIES		
Current liabilities		
Investments sold short, at fair value through profit or loss (note 6)	29,233,027	13,828,792
Unrealized depreciation of derivatives (note 2, 6)	97,358	1,674,703
Performance fees payable (note 3)	295,002	495,732
Interest and dividends payable on investments sold short	143,778	173,386
Accounts payable and accrued liabilities	99,096	87,210
Other payables	52,435	63,897
Management fees payable (note 3)	126,859	47,869
Redemptions payable	22,311	8,451
Payable for investments purchased	–	89,701
	<u>30,069,866</u>	<u>16,469,741</u>
Net assets attributable to holders of redeemable units	<u>\$ 218,710,470</u>	<u>\$ 100,408,186</u>
Net assets attributable to holders of redeemable units per Class		
Class C	\$ 96,367,561	\$ 62,202,776
Class F	104,952,023	28,543,913
Class F USD	4,902,359	1,678,570
Class G	9,730,420	5,647,776
Class G USD	1,107,489	392,417
Class I	1,650,618	1,942,734
	<u>\$ 218,710,470</u>	<u>\$ 100,408,186</u>
Number of redeemable units outstanding (note 4)		
Class C	8,355,721	5,286,805
Class F	8,735,734	2,342,235
Class F USD	295,613	96,143
Class G	847,474	482,198
Class G USD	70,329	23,672
Class I	146,825	167,079

NEWGEN CREDIT STRATEGIES FUND

Statements of Financial Position (continued)

As at December 31, 2025 and December 31, 2024

		2025		2024
Net assets attributable to holders of redeemable units per unit				
Class C	\$	11.53	\$	11.77
Class F		12.01		12.19
Class F USD		16.58		17.46
Class G		11.48		11.71
Class G USD		15.75		16.58
Class I		11.24		11.63
Class F US (in US Dollars)		12.09		12.12
Class G US (in US Dollars)		11.48		11.51

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

For the years ended December 31, 2025 and 2024

	2025	2024
Income		
Dividends	\$ 1,952,122	\$ 2,673,640
Interest income for distribution purposes	12,634,441	3,739,278
Net realized gain on sale of investments, including foreign exchange adjustments	7,013,388	5,729,629
Net realized loss on derivatives	(842,041)	(1,535,469)
Net change in unrealized (depreciation) appreciation in value of investments, including foreign exchange adjustments	(6,693,394)	4,609,114
Net change in unrealized appreciation (depreciation) on derivatives	3,847,840	(1,841,874)
Other income	45,236	9,730
	<u>17,957,592</u>	<u>13,384,048</u>
Expenses		
Performance fees (note 3)	2,389,899	1,847,576
Management fees (note 3)	1,888,187	585,788
Interest and borrowing fees	953,832	696,255
Dividends paid on investments sold short	377,408	128,198
Operating costs	276,723	164,358
Commissions and other portfolio transaction costs	193,738	180,309
Legal fees	109,918	50,181
Audit fees	107,157	106,864
Withholding tax	23,267	28,786
Custodian fees	18,374	13,151
	<u>6,338,503</u>	<u>3,801,466</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 11,619,089</u>	<u>\$ 9,582,582</u>
Increase in net assets attributable to holders of redeemable units per Class		
Class C	\$ 5,364,570	\$ 7,581,251
Class F	5,603,919	1,097,638
Class F USD	51,328	107,560
Class G	434,814	420,660
Class G USD	20,525	9,633
Class I	143,933	365,840
	<u>\$ 11,619,089</u>	<u>\$ 9,582,582</u>
Increase in net assets attributable to holders of redeemable units per unit (note 9)		
Class C	\$ 0.77	\$ 1.77
Class F	0.81	1.65
Class F USD	0.22	4.23
Class G	0.62	1.58
Class G USD	0.31	3.96
Class I	1.02	2.30

NEWGEN CREDIT STRATEGIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units For the years ended December 31, 2025 and 2024

	Net assets attributable to holders of redeemable units, beginning of year	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 year
2025							
Class C	\$ 62,202,776	\$ 49,309,601	\$ (18,988,876)	\$ (7,382,945)	\$ 5,862,435	\$ 5,364,570	\$ 96,367,561
Class F	28,543,913	104,560,630	(32,420,829)	(7,438,195)	6,102,585	5,603,919	104,952,023
Class F USD	1,678,570	4,503,867	(1,287,409)	(313,777)	269,780	51,328	4,902,359
Class G	5,647,776	4,688,781	(978,933)	(637,665)	575,647	434,814	9,730,420
Class G USD	392,417	736,394	(25,626)	(73,938)	57,717	20,525	1,107,489
Class I	1,942,734	224,879	(654,589)	(193,172)	186,833	143,933	1,650,618
	<u>\$ 100,408,186</u>	<u>\$ 164,024,152</u>	<u>\$ (54,356,262)</u>	<u>\$ (16,039,692)</u>	<u>\$ 13,054,997</u>	<u>\$ 11,619,089</u>	<u>\$ 218,710,470</u>

* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2025 were \$1,476,452 and \$(1,476,452), respectively.

	Net assets attributable to holders of redeemable units, beginning of year	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 year
2024							
Class C	\$ 31,251,163	\$ 40,721,732	\$ (16,366,507)	\$ (4,744,552)	\$ 3,759,689	\$ 7,581,251	\$ 62,202,776
Class F	82,120	27,717,306	(231,595)	(744,663)	623,107	1,097,638	28,543,913
Class F USD	211,261	1,595,897	(230,396)	(50,598)	44,846	107,560	1,678,570
Class G	1,183,887	4,241,358	(173,480)	(266,430)	241,781	420,660	5,647,776
Class G USD	1,500	382,014	—	(4,486)	3,756	9,633	392,417
Class I	1,538,236	444,407	(398,476)	(251,119)	243,846	365,840	1,942,734
	<u>\$ 34,268,167</u>	<u>\$ 75,102,714</u>	<u>\$ (17,400,454)</u>	<u>\$ (6,061,848)</u>	<u>\$ 4,917,025</u>	<u>\$ 9,582,582</u>	<u>\$ 100,408,186</u>

** Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2024 were \$106,733 and \$(106,733), respectively.

NEWGEN CREDIT STRATEGIES FUND

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	2025	2024
Cash provided by (used in):		
Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 11,619,089	\$ 9,582,582
Adjustments for non-cash items		
Net realized gain on sale of investments, including foreign exchange adjustments	(7,013,388)	(5,729,629)
Net change in unrealized depreciation (appreciation) in value of investments, including foreign exchange adjustments	6,693,394	(4,609,114)
Net change in unrealized (appreciation) depreciation on derivatives	(3,847,840)	1,841,874
Change in non-cash balances		
Increase in interest and dividends receivable	(1,199,564)	(773,638)
Increase in other receivables	(43,715)	(203,600)
Decrease (increase) in prepaid expenses	21,116	(18,428)
Decrease in receivable for investments sold	—	2,076,185
(Decrease) increase in performance fees payable	(200,730)	336,925
(Decrease) increase in dividends payable on investments sold short	(29,608)	143,844
Increase in accounts payable and accrued liabilities	11,886	19,947
(Decrease) increase in other payables	(11,462)	43,499
Increase in management fees payable	78,990	34,488
Decrease in payable for investments purchased	(89,701)	(996,033)
Proceeds from sale of investments	1,001,933,077	873,994,283
Purchase of investments	(1,115,403,179)	(927,276,189)
Cash used in operating activities	(107,481,635)	(51,533,004)
Financing Activities		
Proceeds from redeemable units issued	161,822,181	75,216,919
Amount paid on redemption of redeemable units	(52,865,950)	(17,323,875)
Distributions to holders of redeemable units, net of reinvestments	(2,984,695)	(1,144,823)
Cash provided by financing activities	105,971,536	56,748,221
Increase in cash during the year	(1,510,099)	5,215,217
Foreign exchange loss on cash	(35,114)	(189,964)
Cash, beginning of year	6,050,143	1,024,890
Cash, end of year	\$ 4,504,930	\$ 6,050,143
Supplemental information*		
Interest paid	\$ 732,445	\$ 351,443
Interest received	11,488,610	2,938,130
Dividends paid	345,858	127,802
Dividends received, net of withholding taxes	1,875,122	2,672,363

*Included as a part of cash flows from operating activities

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio As at December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
34,700	Brompton Energy Split Corp. Preferred Shares 8%	\$ 363,900	\$ 364,350	0.17
55,000	Canso Credit Income Fund	874,617	871,750	0.40
314,900	ECN Capital Corp. Preferred Shares 6.25%	8,105,846	8,130,718	3.72
14,000	North American Construction Group Ltd.	256,213	276,640	0.13
708,758	Pimco Monthly Enhanced Income Fund	6,545,080	6,385,910	2.92
323,100	Premium Income Corp. Preferred Shares 5.75%	4,866,371	5,395,770	2.47
157,200	The Ether Fund	12,631,243	9,982,200	4.56
82,500	TransAlta Corp. Preferred Shares 5%	2,070,254	2,121,900	0.97
61,595	TransAlta Corp. Preferred Shares 6.773%	1,554,227	1,605,782	0.73
		<u>37,267,751</u>	<u>35,135,020</u>	<u>16.07</u>
Canadian fixed income				
11,000,000	Canadian Government Bond 1.50% 01JUN26	10,951,550	10,965,350	5.01
8,061,000	Chemtrade Logistics Income Fund 7% 30JUN28	8,303,405	8,363,288	3.82
8,350,000	Cineplex Inc. 7.75% 01MAR30	10,227,967	10,624,624	4.86
1,924,000	DIRTT Environmental Solutions 6% 31JAN26	1,791,068	1,932,562	0.88
3,649,000	DIRTT Environmental Solutions 6.25% 31DEC26	3,230,695	3,600,833	1.65
29,285,000	Dye & Durham Ltd. 3.75% 01MAR26	28,919,063	28,260,025	12.92
7,000,000	Dye & Durham Ltd. 6.50% 01NOV28	6,490,124	5,805,450	2.65
292,000	ECN Capital Corp. 6% 31DEC26	291,917	292,745	0.13
208,000	ECN Capital Corp. 6.25% 31DEC27	208,250	209,300	0.10
9,000,000	MDA Space Ltd. 7% 23DEC30	9,000,000	9,085,140	4.15
6,600,000	Obsidian Energy Ltd. 8.125% 03DEC30	6,604,875	6,709,230	3.07
7,000,000	The Empire Life Insurance Co. 6%	7,014,000	7,063,070	3.23
		<u>93,032,914</u>	<u>92,911,617</u>	<u>42.47</u>
U.S. equities				
67,741	Babcock & Wilcox Enterprises Inc. Preferred Shares 6.50%	2,333,005	2,285,506	1.04
71,978	Babcock & Wilcox Enterprises Inc. Preferred Shares 7.75%	1,922,533	1,965,471	0.90
500	Brookfield Property Partners LP Preferred Shares 5.75%	9,228	9,120	0.00
10,000	Brookfield Property Partners LP Preferred Shares 6.375%	199,011	195,850	0.09
921	Brookfield Property Partners LP Preferred Shares 6.50%	18,595	18,442	0.01
10,000	Brookfield Property Preferred LP Preferred Shares 0%	211,404	212,583	0.10
30,000	TriMas Corp.	1,322,521	1,458,590	0.67
13,556	Victoria Gold Corp/Vancouver	574	4,648	0.00
		<u>6,016,871</u>	<u>6,150,210</u>	<u>2.81</u>
U.S. fixed income				
2,524,000	Conuma Resources Ltd. 13.125% 01MAY28	3,530,288	3,396,898	1.55
5,750,000	Dana Inc. 4.25% 01SEP30	7,836,263	7,642,759	3.49
3,000,000	Dana Inc. 4.50% 15FEB32	4,018,911	3,953,253	1.81
74,000	Desktop Litigation Trust Note 18.96461% - First Lien	103,467	101,491	0.05
577,254	Desktop Metal Inc. 14.31974% 12JUN2025 - Third Lien	789,510	712,533	0.33
1,442,000	Desktop Metal Inc. 6% 15MAY27	1,990,634	988,852	0.45

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued) As at December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
U.S. fixed income (continued)				
5,000,000	DISH Network Corp. 11.75% 15NOV27	\$ 7,274,204	\$ 7,140,509	3.26
2,500,000	Endeavour Silver Corp. 0.25% 15JAN31	3,497,274	3,725,611	1.70
3,445,000	Frontier Communications Holdings LLC 8.75% 15MAY30	5,050,961	4,936,442	2.26
7,750,000	Genworth Holdings Inc. 6.7875% 15NOV36	9,151,856	8,968,749	4.10
4,500,000	Getty Images Inc. 10.50% 15NOV30	6,401,952	6,231,246	2.85
9,000,000	Martin Midstream Partners LP / Martin Midstream Finance Corp. 11.50% 15FEB28	13,353,822	12,816,626	5.86
4,145,000	NOVA Chemicals Corp. 8.50% 15NOV28	6,095,436	5,954,671	2.72
7,500,000	Oracle Corp. 3.85% 01APR60	6,563,719	6,304,443	2.88
3,625,000	Polaris Renewable Energy Inc. 9.50% 03DEC29	5,200,357	5,162,401	2.36
3,000,000	Pyxus Holdings Inc. 8.50% 31DEC27	3,764,129	3,706,671	1.69
8,000,000	SBL Holdings Inc. 6.50%	10,635,257	10,475,298	4.79
9,000,000	TriMas Corp. 4.125% 15APR29	12,301,840	12,029,852	5.50
		<u>107,559,880</u>	<u>104,248,305</u>	<u>47.65</u>
	Total investments owned	243,877,416	238,445,152	109.00
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian equities				
(50,000)	Atrium Mortgage Investment Corp.	\$ (581,441)	\$ (578,999)	(0.26)
(17,000)	goeasy Ltd.	(2,162,904)	(2,231,930)	(1.02)
(120,000)	iShares Canadian Corporate Bond Index ETF	(2,444,725)	(2,427,600)	(1.11)
(964,566)	Purpose Ether ETF	(14,024,445)	(10,889,950)	(4.98)
(366,453)	Victoria Gold Corp.	(349,107)	(3,665)	0.00
		<u>(19,562,622)</u>	<u>(16,132,144)</u>	<u>(7.37)</u>
Canadian fixed income				
(460,000)	AutoCanada Inc. 5.75% 07FEB29	(438,150)	(451,802)	(0.21)
(4,000,000)	goeasy Ltd. 6% 15MAY30	(3,803,757)	(3,812,920)	(1.74)
(2,000,000)	Mattr Corp. 7.25% 02APR31	(2,042,500)	(2,039,060)	(0.93)
(1,017,000)	NFI Group Inc. 5% 15JAN27	(960,716)	(1,018,668)	(0.47)
(2,632,000)	Tidewater Midstream and Infrastructure Ltd. 8% 30JUN29	(1,888,824)	(2,130,078)	(0.97)
		<u>(9,133,947)</u>	<u>(9,452,528)</u>	<u>(4.32)</u>
Canadian options				
(50,000)	Cineplex Inc. Call \$12 16JAN26	(47,000)	(1,750)	0.00
(400,000)	Cineplex Inc. Call \$12.50 20MAR26	(197,000)	(118,000)	(0.05)
(450,000)	Cineplex Inc. Call \$13 20FEB26	(236,250)	(67,500)	(0.03)
		<u>(480,250)</u>	<u>(187,250)</u>	<u>(0.08)</u>
Canadian warrant				
(11)	Constellation Software Inc. \$0 31MAR40	—	—	—

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	U.S. equities			
(51,000)	Babcock & Wilcox Enterprises Inc.	\$ (365,453)	\$ (443,461)	(0.20)
(90,076)	FTAI Infrastructure Inc.	(741,060)	(569,516)	(0.26)
(85,000)	Invesco Senior Loan ETF	(2,476,365)	(2,448,128)	(1.12)
		<u>(3,582,878)</u>	<u>(3,461,105)</u>	<u>(1.58)</u>
	Total investments sold short	(32,759,697)	(29,233,027)	(13.35)
	Commissions and other portfolio transaction costs	<u>(29,522)</u>	<u>—</u>	<u>—</u>
	Net investments owned	\$ <u>211,088,197</u>	209,212,125	95.65
	Unrealized gain, foreign exchange forward contracts (Schedule 1)		2,203,705	1.01
	Other assets, net		<u>7,294,640</u>	<u>3.34</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ <u>218,710,470</u>	<u>100.00</u>

NEWGEN CREDIT STRATEGIES FUND

Schedule of Investment Portfolio (continued) As at December 31, 2025

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized gain (loss)
March 4, 2026	USD	CAD	1.367840 \$	(147,266,860) \$	(144,991,040) \$	2,275,820
March 4, 2026	CAD	USD	1.367840	28,300,000	28,325,243	25,243
March 4, 2026	CAD	USD	1.367840	5,173,000	5,093,058	(79,942)
March 4, 2026	CAD	USD	1.367840	1,127,000	1,109,584	(17,416)
Total unrealized gain on foreign exchange forward contracts					\$	2,203,705

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 brokers and custodians for the Fund are TD Securities Inc. and Scotiabank.

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 financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Manager on March 30, 2026.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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

For the years ended December 31, 2025 and 2024

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

For the years ended December 31, 2025 and 2024

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

For the years ended December 31, 2025 and 2024

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 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

For the years ended December 31, 2025 and 2024

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 Accounting Standards 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

For the years ended December 31, 2025 and 2024

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 year.

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

For the years ended December 31, 2025 and 2024

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 year.

(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 and other receivables are classified as measured at amortized cost. Accounts payable and accrued liabilities, redemptions payable, management fees payable, performance fees payable, dividends payable on investments sold short 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

For the years ended December 31, 2025 and 2024

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 margin and collateral.

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 year for which cash has not yet been paid.

(u) New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the Fund

(i) Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (“MPMs”) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

2. Material accounting policy information (continued):

(u) New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the Fund

(ii) Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (“ESG”)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income (“FVOCI”) and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

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

For the years ended December 31, 2025 and 2024

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

For the years ended December 31, 2025 and 2024

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 December 31, 2025, 27,752 Class I units (2024 – 46,650 Class I units) were owned by the Manager and its officers, which represents \$311,994 (2024 - \$542,432) 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 to certain investors on a case-by-case basis, all at the discretion of the Manager (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 for service or wrap program 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 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

For the years ended December 31, 2025 and 2024

4. Redeemable units of the Fund (continued):

The unit activity during the years ended December 31, 2025 and 2024 is as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
2025					
Class C	5,286,805	4,161,491	(1,598,825)	506,250	8,355,721
Class F	2,342,235	8,539,927	(2,652,858)	506,430	8,735,734
Class F USD	96,143	259,141	(75,758)	16,087	295,613
Class G	482,198	398,816	(83,320)	49,780	847,474
Class G USD	23,672	44,603	(1,564)	3,618	70,329
Class I	167,079	19,083	(55,773)	16,436	146,825
2024					
Class C	2,849,654	3,526,115	(1,409,918)	320,954	5,286,805
Class F	7,438	2,302,605	(19,178)	51,370	2,342,235
Class F USD	14,282	93,462	(14,231)	2,630	96,143
Class G	109,133	367,227	(14,957)	20,795	482,198
Class G USD	106	23,337	—	229	23,672
Class I	140,530	38,187	(32,586)	20,948	167,079

(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

For the years ended December 31, 2025 and 2024

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 TD Securities Inc which is rated A+ and Scotiabank which is rated A+ by S&P Global Rating.

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 December 31, 2025, and 2024.

Debt instruments by credit rating*	Percentage of Net Asset Value	
	December 31, 2025	December 31, 2024
AAA	5.01%	0.00%
AA	0.00%	0.41%
A+	0.00%	0.83%
A	0.00%	4.27%
A-	0.00%	0.42%
BBB+	2.26%	0.42%
BBB	2.88%	(0.05%)
BBB-	2.36%	7.79%
BB+	2.72%	7.59%
BB	13.91%	9.04%
BB-	5.68%	6.59%
B+	8.72%	15.01%
B	7.41%	9.90%
B-	4.10%	6.51%
CCC+	1.55%	10.69%
CCC	0.00%	1.63%
NR	29.20%	6.99%

*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

For the years ended December 31, 2025 and 2024

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 year ended December 31, 2025, the Fund's lowest and highest aggregate gross exposure was 112.8% (2024 – 106.8%) and 145.2% (2024 – 195.7%) 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

For the years ended December 31, 2025 and 2024

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 December 31, 2025 and 2024, the Fund's interest rate exposure by duration bucket is as follows:

Debt instruments* by maturity date	December 31, 2025	December 31, 2024
Less than 1 year	\$ 45,764,048	\$ 11,143,250
1 - 3 years	47,363,597	36,228,358
3 - 5 years	56,026,894	15,791,679
Greater than 5 years	38,552,855	8,564,009
Net exposure	\$ 187,707,394	\$ 71,727,296
Effect in %		
Net assets attributable to holders of redeemable units	85.82	71.44

*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

For the years ended December 31, 2025 and 2024

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 December 31, 2025, 18.9% (2024 – 27.3%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges, while 9.0% (2024 – 3.8%) 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$2,150,473 or 1.0% (2024 - \$2,365,962 or 2.4%) 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

For the years ended December 31, 2025 and 2024

5. Financial risk management (continued):

(iii) Currency risk (continued):

Currencies to which the Fund had exposure as at December 31, 2025, 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, 2025						
U.S. Dollar	\$ (217,072)	\$ 2,689,105	\$ 2,472,033	\$ (10,854)	\$ 134,455	\$ 123,601
% of Net Assets						
Attributable to Holders of Redeemable Units	(0.10)	1.23	1.13	0.00	0.06	0.06

Currencies to which the Fund had exposure as at December 31, 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
December 31, 2024						
U.S. Dollar	\$ (8,648,547)	\$ 8,167,072	\$ (481,475)	\$ (432,427)	\$ 408,354	\$ (24,073)
% of Net Assets						
Attributable to Holders of Redeemable Units	(8.61)	8.13	(0.48)	(0.43)	0.41	(0.02)

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Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 December 31, 2025:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 41,285,230	\$ –	\$ –	\$ 41,285,230
Fixed Income	–	195,357,046	1,802,876	197,159,922
Forwards	–	2,301,063	–	2,301,063
	\$ 41,285,230	\$ 197,658,109	\$ 1,802,876	\$ 240,746,215
Liabilities				
Common stocks	\$ 19,589,584	\$ 3,665	\$ –	\$ 19,593,249
Fixed Income	–	9,452,528	–	9,452,528
Options	187,250	–	–	187,250
Forwards	–	97,358	–	97,358
	\$ 19,776,834	\$ 9,553,551	\$ –	\$ 29,330,385

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

	Total
Beginning Balance, January 01, 2025	\$ –
Purchases	3,653,911
Sales	(763,177)
Realized loss included in net income	(7,124)
Change in unrealized depreciation included in net income	(1,080,734)
Ending Balance, December 31, 2025	\$ 1,802,876

During the year ended December 31, 2025, there were no transfers of securities between levels.

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For the years ended December 31, 2025 and 2024

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, 2024:

	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 27,389,820	\$ –	\$ –	\$ 27,389,820
Fixed Income	2,356,465	79,404,689	–	81,761,154
Options	43,848	20,885	–	64,733
Forwards	–	30,568	–	30,568
	\$ 29,790,133	\$ 79,456,142	\$ –	\$ 109,246,275
Liabilities				
Common stocks	\$ 3,231,315	\$ 3,665	\$ –	\$ 3,234,980
Fixed Income	–	10,033,858	–	10,033,858
Options	350,653	209,301	–	559,954
Forwards	–	1,674,703	–	1,674,703
	\$ 3,581,968	\$ 11,921,527	\$ –	\$ 15,503,495

During the year ended December 31, 2024, there were no transfers of securities between levels.

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

Significant unobservable inputs in measuring fair value:

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy:

Description	Valuation technique	Unobservable input	Sensitivity to changes in significant unobservable inputs	Fair value at December 31, 2025
Unlisted Fixed Income	Market Approach	Interest Rates	A 1% increase in Yield to Maturity would cause a \$18,029 decrease in market value	\$ 1,802,876
				\$ 1,802,876

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For the years ended December 31, 2025 and 2024

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 December 31, 2025 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 4, 2026	CAD	TD Securities	1.3678 \$	5,093,058 \$	5,173,000 \$	(79,942)

Class G US

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
March 4, 2026	CAD	TD Securities	1.3678 \$	1,109,584 \$	1,127,000 \$	(17,416)

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For the years ended December 31, 2025 and 2024

7. Derivative financial instruments (continued):

The following tables detail the Fund's investments in forward contracts as at December 31, 2024 related to the hedging of the USD exposure for the Class F US and Class G US units:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain/ loss
January 27, 2025	CAD	TD Securities	1.4391 \$	913,840 \$	886,312 \$	27,528
January 27, 2025	CAD	TD Securities	1.4391	762,702	765,532	(2,830)

Class G US

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain/ loss
January 27, 2025	CAD	TD Securities	1.4391 \$	93,484 \$	90,668 \$	2,816
January 27, 2025	CAD	TD Securities	1.4391	10,793	10,570	223
January 27, 2025	CAD	TD Securities	1.4391	287,812	287,860	(48)

The following table details the Fund's investments in forward contracts as at December 31, 2025 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized gain
March 4, 2026	USD	TD Securities	1.3678 \$	(144,991,040) \$	(147,266,860) \$	2,275,820
March 4, 2026	CAD	TD Securities	1.3678	28,325,243	28,300,000	25,243

The following table details the Fund's investments in forward contracts as at December 31, 2024 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rate	Fair value	Notional amount	Unrealized loss
January 27, 2025	USD	TD Securities	1.4391 \$	(51,503,957) \$	(49,952,461) \$	(1,551,496)
January 27, 2025	USD	TD Securities	1.4391	(5,252,569)	(5,143,945)	(108,624)
January 27, 2025	USD	TD Securities	1.4391	(5,540,381)	(5,528,677)	(11,704)

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Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 December 31, 2025:

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, 2024:

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

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Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 December 31, 2025:

Description	Maturity Date	Strike price	Notional Amount
Cineplex Inc. Call \$12	16-Jan-26	\$ 12.00	\$ (600,000)
Cineplex Inc. Call \$12.50	20-Mar-26	12.50	(5,000,000)
Cineplex Inc. Call \$13	20-Feb-26	13.00	(5,850,000)

The following table summarizes the Fund's investments in options as at December 31, 2024:

Description	Maturity Date	Strike price	Notional Amount
BMO Laddered Preferred Share Index ETF Put \$10.70	17-Jan-25	\$ 10.70	\$ 37,450
BMO Laddered Preferred Share Index ETF Put \$10.80	17-Jan-25	10.80	10,800
Canadian Western Bank Put \$50	17-Jan-25	50.00	100,000
iShares iBoxx \$ High Yield Corporate Bond ETF Put \$78	17-Jan-25	78.00	7,800,000
Put Apple Inc. \$240	17-Jan-25	240.00	3,000,000
Call Apple Inc. \$240	17-Jan-25	240.00	(3,000,000)
Cineplex Inc. Call \$12	16-Jan-26	12.00	(600,000)
Cineplex Inc. Call \$12	17-Jan-25	12.00	(600,000)
Cineplex Inc. Call \$12.50	17-Apr-25	12.50	(1,250,000)
Cineplex Inc. Call \$12.50	21-Feb-25	12.50	(625,000)
Cineplex Inc. Call \$12.50	21-Mar-25	12.50	(250,000)
Cineplex Inc. Call \$14	16-May-25	14.00	(700,000)
iShares iBoxx \$ High Yield Corporate Bond ETF Call \$79	17-Jan-25	79.00	(7,900,000)

NEWGEN CREDIT STRATEGIES FUND

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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 years ended December 31, 2025 and 2024 is calculated as follows

	Increase in net assets attributable to holders of redeemable units per Class		Weighted average of redeemable units outstanding during the year		Increase in net assets attributable to holders of redeemable units per unit	
December 31, 2025						
Class C	\$	5,364,570	7,005,908	\$		0.77
Class F		5,603,919	6,907,323			0.81
Class F USD		51,328	228,446			0.22
Class G		434,814	697,118			0.62
Class G USD		20,525	65,570			0.31
Class I		143,933	141,696			1.02
December 31, 2024						
Class C	\$	7,581,251	4,283,362	\$		1.77
Class F		1,097,638	664,000			1.65
Class F USD		107,560	25,412			4.23
Class G		420,660	267,052			1.58
Class G USD		9,633	2,432			3.96
Class I		365,840	158,984			2.30

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Notes to Financial Statements

For the years ended December 31, 2025 and 2024

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, 2025, the Fund had net capital loss carryforwards of \$nil (2024 – nil) and non-capital loss carryforwards of \$nil (2024 – 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 years ended December 31, 2025 and 2024, is disclosed below:

	December 31, 2025	December 31, 2024
Soft dollar relationships	5	5
Percentage of total commissions and other portfolio transaction costs	100.00%	100.00%

12. Impact of reclassification:

Certain comparative amounts in the financial statements have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported net assets attributable to holders of redeemable units and increase/decrease in net assets attributable to holders of redeemable units.

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Notes to Financial Statements

For the years ended December 31, 2025 and 2024

12. Impact of reclassification (continued):

During the year, fixed income instruments were reclassified from non-monetary to monetary for the purposes of currency risk disclosure, reflecting an updated assessment of their contractual cash flows. Accordingly, currency exposure for fixed income securities as at December 31, 2025 and 2024 is now included within monetary assets. This change did not affect the valuation, recognition, or reported net assets of the Fund.

In addition, certain cash, collateral, and margin balances previously presented as “Due from broker” were reclassified in the 2024 comparative amounts to cash, restricted cash, margin cash, and unsettled trades. Related payables for investments purchased and receivables for investments sold are now presented separately in the financial statements. The following table summarizes the impact on the fund’s financial statements:

(a) Statements of Financial Position

	Impact of reclassification		
	As previously reported	Adjustments	Adjusted
As at December 31, 2024			
Cash	\$ 746	\$ 6,049,397	\$ 6,050,143
Due from broker	5,959,696	(5,959,696)	–
Remaining assets	110,827,784	–	110,827,784
TOTAL ASSETS	116,788,226	89,701	116,877,927
Remaining liabilities	16,380,040	–	16,380,040
Payable for investments purchased	–	89,701	89,701
TOTAL LIABILITIES	16,380,040	89,701	16,469,741
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 100,408,186	–	\$100,408,186

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For the years ended December 31, 2025 and 2024

12. Impact of reclassification (continued):

(b) Statements of Cash Flows

	Impact of reclassification		
	As previously reported	Adjustments	Adjusted
<i>For the year ended December 31, 2024</i>			
Increase in net assets attributable to holders of redeemable units	\$ 9,582,582	—	\$ 9,582,582
Adjustments for non-cash items:	(8,496,869)	—	(8,496,869)
Changes in non-cash balances:			
Due from broker	(4,936,633)	4,936,633	—
Payable for investments purchased	(1,085,734)	89,701	(996,033)
Remaining assets/liabilities	1,659,222	—	1,659,222
Proceeds from sale of investments	873,994,283	—	873,994,283
Purchase of investments	(927,276,189)	—	(927,276,189)
Cash used in operating activities	(56,559,338)	5,026,334	(51,533,004)
Cash used in financing activities	56,748,221	—	56,748,221
Increase/ decrease in cash during the year	188,883	5,026,334	5,215,217
Cash, beginning of year	1,827	1,023,063	1,024,890
Foreign exchange loss on cash	(189,964)	—	(189,964)
Cash, end of year	\$ 746	\$ 6,049,397	\$ 6,050,143