

FRIEDBERG ASSET ALLOCATION FUND LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 2024
(in U.S. Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Friedberg Asset Allocation Fund Ltd.

Opinion

We have audited the financial statements of Friedberg Asset Allocation Fund Ltd. (the "Fund"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income and comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024 and 2023, 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 audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits 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, 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 information included in Management's Fund Annual Return (the "FAR"), but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the FAR and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the FAR and, in doing so, consider whether the FAR is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be misstated.

We obtained the FAR prior to the date of this auditors' report. If, based on the work we have performed on the FAR, we conclude that there is a material misstatement of the FAR, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audits 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 auditors' 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 ISAs 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 ISAs, 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 override of internal control.
- Obtain an understanding of internal control relevant to the audits 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 auditors' 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 auditors' 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Zeifmans (Cayman)

Grand Cayman, Cayman Islands
June 19, 2025

FRIEDBERG ASSET ALLOCATION FUND LTD.
(a Cayman Islands Company)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31,
(in U.S. dollars)

	2024	2023
	\$	\$
ASSETS		
Current		
Cash	6,210,821	4,639,191
Cash held as collateral on futures and equity swap contracts	972,186	972,571
Equity securities	11,970,151	11,326,285
Amounts receivable	49,175	63,998
Unrealized gain on futures contracts	445,966	226,109
	19,648,299	17,228,154
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 10)	92,739	84,494
Unrealized loss on equity swap contracts	77,965	130,293
Unrealized loss on futures contracts	6,180	-
Redemptions payable	5,976	205,226
	182,860	420,013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES	19,465,439	16,808,141
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES, PER SHARE	1,637.87	1,398.37

Approved and authorized for issue by the Fund's board of directors on June 19, 2025

"Albert D. Friedberg" Director

"Brian Eden" Director

FRIEDBERG ASSET ALLOCATION FUND LTD.
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES
FOR THE YEARS ENDED DECEMBER 31,
(in U.S. dollars)

	2024			2023		
	Series A	Series M	Total	Series A	Series M	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of the year	16,808,141	-	16,808,141	21,943,666	3,403,096	25,346,762
Increase in net assets attributable to holders of redeemable shares	2,856,325	-	2,856,325	522,034	65,980	588,014
Redemption of shares (note 9)	<u>(199,027)</u>	<u>-</u>	<u>(199,027)</u>	<u>(5,657,559)</u>	<u>(3,469,076)</u>	<u>(9,126,635)</u>
Balance, end of the year	<u>19,465,439</u>	<u>-</u>	<u>19,465,439</u>	<u>16,808,141</u>	<u>-</u>	<u>16,808,141</u>

See accompanying notes to financial statements

FRIEDBERG ASSET ALLOCATION FUND LTD.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,
(in U.S. dollars)

	2024	2023
	\$	\$
INCOME (LOSS)		
Change in net unrealized gain/loss on equity securities	2,963,546	(2,761,283)
Realized gains (losses) on futures contracts	246,905	(292,116)
Change in net unrealized gain/loss on futures contracts	213,677	(376,972)
Dividends	193,060	315,486
Interest	190,254	284,073
Change in net unrealized gain/loss on equity swap contracts	52,328	(130,293)
Realized gains on equity swap contracts	16,360	-
Realized gains on fixed income securities	-	24,342
Realized gains (losses) on equity securities	(557,026)	3,954,777
	3,319,104	1,018,014
EXPENSES		
Management fees (note 10)	187,140	188,665
Administrative fees	79,080	67,658
Audit and accounting fees	71,794	33,374
Legal fees	43,619	350
Withholding taxes	41,844	51,592
Office and sundry	27,968	41,115
Transaction costs	11,334	47,246
	462,779	430,000
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES	2,856,325	588,014
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES, BY SERIES		
Series A	2,856,325	522,034
Series M	-	65,980
	2,856,325	588,014
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES, PER SHARE		
Series A	239.51	37.32
Series M	-	49.24

See accompanying notes to financial statements

FRIEDBERG ASSET ALLOCATION FUND LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(in U.S. dollars)

	2024	2023
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	2,856,325	588,014
Adjustments for:		
Change in net unrealized gain/loss on equity securities	(2,963,546)	2,761,283
Change in net unrealized gain/loss on futures contracts	(213,677)	376,972
Change in net unrealized gain/loss on equity swap contracts	(52,328)	130,293
Realized gains (losses) on equity securities	557,026	(3,954,777)
Realized gains on fixed income securities	-	(24,342)
Realized gains (losses) on futures contracts	(246,905)	292,116
Realized gains on equity swap contracts	(16,360)	-
Purchase of investments	(12,069,866)	(26,033,127)
Proceeds on sale of investments	14,095,785	32,227,294
Net change in working capital items:		
Amounts receivable	14,823	(63,998)
Accounts payable and accrued liabilities	8,245	(23,490)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,969,522	6,276,238
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts paid on redemption of shares	(398,277)	(8,927,385)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(398,277)	(8,927,385)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	1,571,245	(2,651,147)
CASH, BEGINNING OF THE YEAR	5,611,762	8,262,909
CASH, END OF THE YEAR	7,183,007	5,611,762
CASH BALANCES, END OF THE YEAR		
Cash	6,210,821	4,639,191
Cash held as collateral on futures and equity swap contracts	972,186	972,571
	7,183,007	5,611,762

See accompanying notes to financial statements

FRIEDBERG ASSET ALLOCATION FUND LTD.
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2024
(in U.S. dollars)

Equity Positions	61.5%				
Security Name		Quantity		Average Cost	Fair Value
				\$	\$
Materials	54.1%				
Agnico Eagle Mines Ltd.		61,110		3,302,528	4,779,412
Franco-Nevada Corp.		5,450		648,070	640,866
SPDR Gold Shares		16,636		3,147,698	4,028,075
VanEck Junior Gold Miners ETF		25,300		794,258	1,081,575
				<u>7,892,554</u>	<u>10,529,928</u>
Consumer Discretionary	7.4%				
iShares U.S. Home Construction ETF		13,930		1,563,291	1,440,223
				<u>9,455,845</u>	<u>11,970,151</u>

Futures Contracts	2.3%					
Security Name	Unit of Measure	Expiry Date	Quantity	Contract Size	Notional Value	Unrealized Gain (Loss)
					\$	\$
Commodity Futures	2.3%					
Cocoa	Tonnes	March 2025	9	10	1,037,205	445,966
					<u>1,037,205</u>	<u>445,966</u>
Gold	Ounces	February 2025	4	100	1,055,160	(6,180)
					<u>1,055,160</u>	<u>(6,180)</u>

Equity Swap Positions	(0.4%)					
Security Name		Counterparty	Expiry Date	Counterparty Rating	Notional Value	Fair Value
					\$	\$
Indo Tambangraya Megah Tbk	(0.3%)	Morgan Stanley	July 28, 2025	A1	428,867	(55,447)
United Tractors Tbk	(0.1%)	Morgan Stanley	July 28, 2025	A1	465,115	(22,518)
					<u>893,983</u>	<u>(77,965)</u>

Investment Portfolio Summary		Average Cost/	Fair
	%	(Proceeds)	Value
		\$	\$
Equity positions	61.5	9,455,845	11,970,151
Futures contracts - unrealized gains	2.3	-	445,966
Futures contracts - unrealized losses	-	-	(6,180)
Equity swap positions	(0.4)	-	(77,965)
Total investments	63.4	9,455,845	12,331,972
Cash and cash held as collateral on futures and equity swap contracts	36.9	7,183,007	7,183,007
Other Net assets	(0.3)	(49,540)	(49,540)
Net assets	<u>100.0</u>	<u>16,589,312</u>	<u>19,465,439</u>

FRIEDBERG ASSET ALLOCATION FUND LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(in U.S. dollars)

1. GENERAL INFORMATION

The Friedberg Asset Allocation Fund Ltd. (the “Fund”) is an open-ended private investment company which was formed under the laws of the Cayman Islands on April 27, 2009 and commenced operations on June 23, 2009. The Fund was organized for the purpose of trading and investing in securities. Pursuant to an investment advisory agreement, Friedberg Mercantile Group Ltd. a company under common control, is the investment advisor (the “Investment Advisor”) to the Fund.

The Fund is a multi-strategy fund whose investment objective is to seek significant total investment returns, consisting of a combination of interest income, dividend income, currency gains and capital appreciation by investing in the following four discrete groups of investments: (i) equity securities generally; (ii) fixed income securities generally; (iii) commodity forwards and futures contracts and options thereon, and over-the-counter traded derivatives instruments related thereto and commodities; and (iv) cash and cash equivalents.

The Fund’s principal and registered address is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

The Fund’s significant material accounting policy information under IFRS Accounting Standards are presented in note 3. The policies applied in these financial statements are based on IFRS issued and effective for the accounting year ended December 31, 2024. The financial statements were approved and authorized for issued by the board of directors on June 19, 2025.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional currency and presentation currency

These financial statements are presented in United States dollars, which is the functional and the reporting currency of the Fund.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Financial instruments

(i) Recognition and measurement

Financial instruments are classified into one of the following categories: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial asset when its contractual rights are discharged, cancelled or expire. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Fund has not classified any of its financial instruments as FVOCI.

A financial liability is generally measured at amortized cost, with the exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at FVTPL, such as derivatives liabilities. The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) FVTPL

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting date with changes in fair value recognized in the statement of income and comprehensive income in the period in which they occur. The Fund classifies all of their cash balances at broker, derivative assets and liabilities FVTPL, while all debt and equity investments and net assets attributable to holders of redeemable shares have been designated as FVTPL upon initial recognition.

The Fund's investments are presented at fair value. Investments held that are traded in an active market through recognized public stock exchanges are valued at quoted market prices at the close of trading on the reporting date. The Fund uses the closing market price for investments where the closing price falls within the day's bid-ask spread. In circumstances where the closing market price does not fall within the bid-ask spread, the Investment Advisor determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

Options are valued at their closing price as reported by the principal exchange or over the counter market on which the contract is traded. Any difference resulting from revaluation at the reporting date is treated as unrealized gain (loss) in the statements of income and comprehensive income.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. The value of the contract is the gain or loss that would be realized upon settlement.

Unlisted or non-exchange trade investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in the Investment Advisor's opinion, inaccurate, unreliable, or not reflective of all available material information are valued at their fair value as determined by the Investment Advisor using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

Over the counter derivatives (such as currency forward contracts) are valued based on the difference between the contract forward rate and the rate prevailing on a reporting date.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

(iii) Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies amounts receivable, accounts payable and accrued liabilities, including contracts awaiting settlement and redemptions payable as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocation of interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(b) Impairment of financial assets

An expected credit loss ("ECL") model is applied to the assessment of financial assets. Under the ECL model, the Fund records an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12-month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

ECLs for amounts receivable are based on the adoption of a valuation policy which utilizes the Fund's historic loss experience by age banding, adjusted for forward looking estimates and other considerations as applicable. The Fund's dividends and interest receivable are measured at amortized cost and are subject to the ECL model.

(c) Equity swap contracts

Equity swap contracts are an agreement between two parties to exchange periodic payments based upon a notional principal amount, with one party paying a fixed or floating amount and the other party paying the actual return of a stock, a basket of stocks or a stock index.

A buyer of an equity swap contract would receive the total return of the underlying stocks or stock index. In return, the buyer would be required to pay to the counterparty a fixed or floating amount on the agreed settlement dates.

Any amount received or paid for equity swap contracts are included in the statements of income and comprehensive income in “realized gains (losses) on equity swap contracts”. The change in the value of an equity swap contract is included in the statements of financial position in “unrealized gain (loss) on equity swap contracts” and in the statements of income and comprehensive income in “change in net unrealized gain/loss on futures, forward, equity swap contracts”.

The fair value of equity swap contracts is based on the quoted market price for the equity securities included in the contract.

When the equity swap contracts are closed out, gains or losses are included in the statements of loss and comprehensive loss in “net realized gains (losses) on equity swap contracts”.

(d) Transaction costs

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. Transaction costs are expensed and are included in the statements of income and comprehensive income.

(e) Offsetting

Income and expenses are presented on a net basis for gains and losses from FVTPL financial instruments and foreign currency translation gains and losses.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposits and short-term, interest bearing notes with the original term to maturity of less than three months.

(g) Investment income

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statements of income and comprehensive income as part of the net change in unrealized gain (loss) on investments and derivatives. Interest income from investments in fixed income securities and short-term investments represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Dividend income is recognized on the ex-dividend date.

Income (loss) from derivatives are shown in the statements of income and comprehensive income as net realized gain (loss) on futures, forwards, swap and options contracts and net unrealized gain (loss) on futures, forwards, equity swap and options contracts.

If the Fund incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of income and comprehensive income.

(h) Foreign currency translation

Transactions in foreign currencies, if any, are translated into the Fund’s functional currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period-end exchange rate. Foreign currency exchange gains and losses are presented as “Foreign currency translation gain (loss)”, except for those arising from financial

instruments at FVTPL, which are recognized as a component within the applicable net realized or unrealized gain (loss) in the statements of income and comprehensive income.

(i) Net assets attributable to holders of redeemable shares

Redeemable shares of the Funds are issued and redeemed at their respective net asset value (“NAV”) per share. The NAV per share for each series of shares is determined on the first business day of each week and the last business day of every month. The NAV of a particular series of shares of the Fund is computed by subtracting the series’ share of the liabilities of the Fund from that series’ share of the assets of the Fund. Income, non-series specific expenses, realized and unrealized gains (losses) of investments, and foreign currency and transactions costs are allocated proportionately to each series based on the relative NAV of each series of the Fund. Expenses directly attributable to a series are charged directly to that series.

Redeemable shares can be redeemed at any time for cash equal to a proportionate share of the Fund’s NAV attributable to the share series. The redeemable shares are classified as financial liabilities and are measured at the redemption amounts.

The increase (decrease) in net assets attributable to holders of redeemable shares per share reported in the statements of income and comprehensive income represents the increase (decrease) in net assets attributable to holders of redeemable shares by series for the period, divided by the average number of shares of the series outstanding during the period.

(j) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at December 31, 2024, and have not been applied in preparing these financial statements. Management has determined that none of these will have a significant effect on the financial statements of the Fund.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Investment Advisor to make estimates, judgments and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

In making estimates and assumptions, the Investment Advisor relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the Investment Advisor believes will materially affect the methodology or assumptions utilized in making these estimates and assumptions in these financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Fund may hold financial instruments that are not quoted in active markets, including investments. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Broker quotes as obtained from pricing sources may be indicative and not executable. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Investment Advisor.

Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Investment Advisor to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. See note 5 for more information on the fair value measurement of the Fund’s financial instruments.

Geopolitical conflicts, including Russia-Ukraine war, terrorism or other military events could directly or indirectly impact the portfolio investments, financial markets or more broadly, the global economy. For example, as a result of the Russia-Ukraine war, a portfolio company may be adversely impacted by having operations in

Russia or Ukraine, actual or potential disruptions in supply chains, an increased risk of cyberattacks, an increase in commodity prices, the availability and cost of energy, reputational risks and the global economy. In addition, the Russia-Ukraine war, terrorism or other military events have broader implications, including increased sanctions, trade barriers or restrictions on global trade or further retaliatory sanctions and trade measures taken by Russia or other countries in response. The future of these events is highly uncertain, and unforeseen developments could generate further changes to geopolitical conflicts risk and worsen their economic effects on the business of portfolio investments.

5. FINANCIAL INSTRUMENTS

The Fund held the following financial instruments as at December 31:

	<u>2024</u>	<u>2023</u>
	\$	\$
FVTPL, measured at fair value:		
Assets		
Cash	6,210,821	4,639,191
Cash held as collateral on futures and equity swap contracts	972,186	972,571
Equity securities (a)	11,970,151	11,326,285
Unrealized gain on long futures contracts	445,966	226,109
Liabilities		
Unrealized loss on equity swap contracts	77,965	130,293
Net assets attributable to redeemable shares (a)	19,465,439	16,808,141
Unrealized loss on long futures contracts	6,180	-
Loans and receivables, measured at amortized cost:		
Amounts receivable	49,175	63,998
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	92,739	84,494
Redemptions payable	5,976	205,226

(a) Designated as FVTPL upon initial recognition .

The fair value of these financial instruments approximates their carrying value.

The following table presents the net gain (loss) on financial instruments at FVTPL by category for the year:

	<u>For the year ended</u> <u>December 31, 2024</u>	<u>For the year ended</u> <u>December 31, 2023</u>
	\$	\$
Mandatorily measured at FVTPL	529,270	(799,381)
Designated at FVTPL	2,789,834	1,817,395
	<u>3,319,104</u>	<u>1,018,014</u>

Fair Value Hierarchy of Financial Instruments

The Fund has categorized its financial instruments that are carried at fair value, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three-level fair value hierarchy as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities classified as Level 1 generally include cash, equity securities and unrealized gain (loss) on futures contracts.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs, or inputs that are derived principally from or corroborated with observable market data through correlation or other means. The types of assets and liabilities classified as Level 2 include equity swap contracts.

Level 3: Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These observable inputs reflect the Fund's assumptions about the assumptions market participants would use in pricing the asset or liability. The types of liabilities classified as Level 3 are net assets attributable to the holders of redeemable shares.

The following table presents the Fund's fair value hierarchy of its financial instruments as at December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
ASSETS				
Cash	6,210,821	-	-	6,210,821
Cash held as collateral on futures and equity swap contracts	972,186	-	-	972,186
Equity securities	11,970,151	-	-	11,970,151
Unrealized gain on futures contracts	445,966	-	-	445,966
	<u>19,599,124</u>	<u>-</u>	<u>-</u>	<u>19,599,124</u>
LIABILITIES				
Unrealized loss on equity swap contracts	-	77,965	-	77,965
Unrealized loss on futures contracts	6,180	-	-	6,180
Net assets attributable to the holders of redeemable shares	-	-	19,465,439	19,465,439
	<u>6,180</u>	<u>77,965</u>	<u>19,465,439</u>	<u>19,549,584</u>

The following table presents the Fund's fair value hierarchy of its financial instruments as at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
ASSETS				
Cash	4,639,191	-	-	4,639,191
Cash held as collateral on futures and equity swap contracts	972,571	-	-	972,571
Equity securities	11,326,285	-	-	11,326,285
Unrealized gain on futures contracts	226,109	-	-	226,109
	<u>17,164,156</u>	<u>-</u>	<u>-</u>	<u>17,164,156</u>
LIABILITIES				
Unrealized loss on equity swap contracts	-	130,293	-	130,293
Net assets attributable to the holders of redeemable shares	-	-	16,808,141	16,808,141
	<u>-</u>	<u>130,293</u>	<u>16,808,141</u>	<u>16,938,434</u>

Fair Value Measurement Using Significant Unobservable Inputs

Fair value of the net assets attributable to holders of redeemable shares is based on the valuation of the Fund's own asset values.

6. FINANCIAL INSTRUMENTS RISK

In the normal course of business, the Fund's investment activities expose it to a variety of financial risks. The Investment Advisor seeks to minimize potential adverse effects of these risks for the Fund's performance by employing professional, experienced portfolio advisors and by daily monitoring of the Fund's positions and market events to assist in managing risks, the Investment Advisor maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent information memorandum for a complete discussion of the risks attributed to an investment in the shares of the Fund. Significant financial instrument risks that are relevant to the Fund and an analysis of how they are managed are presented below. Total assets and liabilities presented in the tables below are not intended to match total assets and liabilities disclosed in the statements of financial position, due to differences of derivative instruments. Certain risks, such as currency and interest rate risk may be correlated. Such correlation is not taken into account in these financial statements.

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Political, social and environmental factors can also affect the value of any investment.

The table below summarize the Fund's overall market exposure:

	<u>Fair value</u>	<u>% of NAV</u>
	<u>\$</u>	<u>%</u>
Equity securities	11,970,151	61.49
Futures contracts (total notional contract value)	2,092,365	10.75
Equity swap contracts (total notional contract value)	893,983	4.59
	<u>14,956,499</u>	<u>76.83</u>

Price sensitivity

As at December 31, 2024, had the prices of the investments held in the Fund decreased or increased by 5% with all other variables held constant, increase (decrease) in net assets attributable to holders of redeemable shares would have increased or decreased by \$747,825. In practice, the actual trading results may differ from this analysis and the difference may be material.

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates, which can be caused by market, political and/or other factors which may be subject to intervention by sovereign governments.

The Fund holds assets denominated in currencies other than its measurement currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuates due to changes in exchange rates.

The Fund is exposed to foreign currency risk through its holding of Canadian equity securities as at December 31, 2024 (in U.S. dollars) of \$5,420,278 which represents 27.85% of the Fund's NAV.

Currency Sensitivity

As at December 31, 2024, had the United States dollar strengthened or weakened by 1% in relation to all currencies, with all other variables remaining constant, increase (decrease) in net assets attributable to holders of redeemable shares would have increased or decreased by \$54,203. This analysis only addresses the impact on the financial instruments with respect to currency movement and excludes any other economic or geo-political implications of such currency fluctuation. In practice, the actual result may differ from this analysis and the difference may be material.

(c) Interest rate risk

The Fund is exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of the interest rate futures will rise if interest rates fall, and conversely, will generally fall if interest rates rise. How sensitive the Fund is to changes in prevailing interest rates depends on other factors like credit rating of the issuers and the term to maturity of the Fund's investments. The lower the credit rating of the issuers and the longer the term to maturity, the more sensitive the Fund is to changes in prevailing interest rates, thus the higher interest rate risk. As at December 31, 2024 the Fund is not subject to significant interest rate risk.

(d) Credit risk

The Fund is exposed to credit risk arising from its transactions with its counterparties related to securities purchases, sales and positions held by the counterparties on the Fund's behalf. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets which potentially expose the Fund to credit risk consist principally of investments in cash balances at brokers, amounts receivable, equity securities, fixed income securities and futures contracts. Until the fixed income securities are sold or mature, the Fund is exposed to credit risk relating to whether the counterparty will meet its obligations when they come due. Credit risk is managed by dealing only with counterparties the Fund believes to be creditworthy, setting transaction limits with specific counterparties and by daily monitoring of credit exposure. Credit risk did not impact the values of the Fund's financial liabilities.

The table below summarizes the Fund's exposure to financial intermediaries as a percentage of NAV, as at December 31, 2024:

<u>Counterparty</u>	<u>Cash held as collateral on futures and equity swap contracts</u>		<u>Amounts receivable</u>	<u>Equity securities</u>	<u>Futures contracts</u>	<u>Equity swap contracts</u>	<u>Accounts payable</u>	<u>Total</u>
	<u>Cash</u> %	<u>swap contracts</u> %	<u>receivable</u> %	<u>securities</u> %	<u>contracts</u> %	<u>contracts</u> %	<u>payable</u> %	<u>%</u>
BMO Harris Bank	0.44	-	-	-	-	-	-	0.44
Bank of Montreal	29.86	-	0.25	-	-	-	-	30.11
Cayman National	0.23	-	-	-	-	-	-	0.23
JPMorgan Chase Bank, N.A.	0.97	-	-	-	2.26	-	-	3.23
Morgan Stanley	0.04	4.99	-	-	-	(0.40)	(0.02)	4.61
CIBC Mellon	0.37	-	-	61.49	-	-	-	61.86
	<u>31.91</u>	<u>4.99</u>	<u>0.25</u>	<u>61.49</u>	<u>2.26</u>	<u>(0.40)</u>	<u>(0.02)</u>	<u>100.48</u>

The table below summarizes the Fund's exposure to financial intermediaries as a percentage of NAV, as at December 31, 2023:

<u>Counterparty</u>	<u>Cash held as collateral on futures contracts</u>		<u>Amounts receivable</u>	<u>Equity securities</u>	<u>Futures contracts</u>	<u>Total</u>
	<u>Cash</u> %	<u>contracts</u> %	<u>receivable</u> %	<u>securities</u> %	<u>contracts</u> %	<u>%</u>
Cayman National	0.19	-	-	-	-	0.19
BMO Harris Bank	1.22	-	0.12	-	-	1.34
Bank of Montreal	25.43	-	-	-	-	25.43
JPMorgan Chase Bank, N.A.	0.67	-	-	-	1.35	2.02
Morgan Stanley	0.04	5.79	-	-	-	5.83
Friedberg Mercantile Group Ltd.	-	-	0.08	-	-	0.08
CIBC Mellon	0.04	-	0.19	67.39	-	67.62
	<u>27.59</u>	<u>5.79</u>	<u>0.39</u>	<u>67.39</u>	<u>1.35</u>	<u>102.51</u>

(i) **Concentration of credit risk**

The following are the significant countries of domicile of the Fund's cash, equity securities, and futures contracts as at December 31, as a percentage of NAV:

	<u>2024</u>	<u>2023</u>
	%	%
Canada	91.98	92.86
United States	8.50	9.65
	<u>100.48</u>	<u>102.51</u>

The following are the individual issuers of equity securities that exceed 5% of NAV as at December 31, as a percentage of NAV:

	<u>2024</u>	<u>2023</u>
	%	%
Agnico Eagle Mines Ltd	24.55	23.05
SPDR Gold Shares	20.69	21.36
iShares U.S. Home Construction ETF	7.4	-
VanEck Junior Gold Miners ETF	5.56	-

(e) **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's policy and the Investment Advisor's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund is considered to be relatively liquid. However, unexpected heavy demand for redemptions of the Fund's shares could result in the Fund having to dispose of investments at a time when it is not optimal to do so in order to meet such redemption requests.

7. **OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES**

The Fund's derivatives noted below are subject to enforceable master netting arrangements in the form of International Swaps and Derivatives Association, Inc. agreements. The normal business terms of derivative contracts under the central clearing agreement call for net settlement when contracts of the same position mature simultaneously. In the event of default or bankruptcy, net settlement of the contract would be enforced.

The following table summarizes financial instruments that are offset in the statements of financial position, or are subject to an enforceable master netting arrangement or other similar agreements but are not offset:

	Amounts offset			Amounts not offset		
	Gross \$	Gross assets/ liabilities offset \$	Net \$	Master netting arrangements \$	Financial collateral \$	Net \$
As at December 31, 2024						
ASSETS						
Cash	6,210,821	-	6,210,821	(3,835)	-	6,206,986
Cash held as collateral on futures and equity swap contracts	972,186	-	972,186	(77,965)	-	894,221
Equity securities	11,970,151	-	11,970,151	-	-	11,970,151
Amounts receivable	49,175	-	49,175	-	-	49,175
Unrealized gain on futures contracts	445,966	-	445,966	(6,180)	-	439,786
	<u>19,648,299</u>	<u>-</u>	<u>19,648,299</u>	<u>(87,980)</u>	<u>-</u>	<u>19,560,319</u>
LIABILITIES						
Accounts payable and accrued liabilities	92,739	-	92,739	(3,835)	-	88,904
Unrealized loss on equity swap contracts	77,965	-	77,965	(77,965)	-	-
Unrealized loss on futures contracts	6,180	-	6,180	(6,180)	-	-
Redemptions payable	5,976	-	5,976	-	-	5,976
	<u>182,860</u>	<u>-</u>	<u>182,860</u>	<u>(87,980)</u>	<u>-</u>	<u>94,880</u>
As at December 31, 2023						
Cash	4,639,191	-	7,577,558	(20,218)	-	7,557,340
Cash held as collateral on futures contracts	972,571	-	1,803,758	(130,293)	-	1,673,465
Equity securities	11,326,285	-	19,497,896	-	-	19,497,896
Amounts receivable	63,998	-	90,602	-	-	90,602
Unrealized gain on futures contracts	226,109	-	396,160	-	-	396,160
	<u>17,228,154</u>	<u>-</u>	<u>29,365,974</u>	<u>(150,511)</u>	<u>-</u>	<u>29,215,463</u>
LIABILITIES						
Accounts payable and accrued liabilities	84,494	-	75,773	(20,218)	-	55,555
Unrealized loss on equity swap contracts	130,293	-	75,773	(130,293)	-	(54,520)
Redemptions payable	205,226	-	210,135	-	-	210,135
	<u>420,013</u>	<u>-</u>	<u>361,681</u>	<u>(150,511)</u>	<u>-</u>	<u>211,170</u>

8. INCOME TAXES

On May 14, 2009, the Fund received an undertaking from the Governor in the Cabinet of the Cayman Islands to the effect that, for a period of 20 years from the date thereof, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on the profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Fund, or to the shareholders thereof, in respect to any such property or income. The Fund, expects, therefore, to be exempt from income or capital gains tax in the Cayman Islands.

Certain jurisdictions withhold taxes on the Fund's investment income, which are charged to the statement of income and comprehensive income.

9. SHARE CAPITAL

Authorized share capital of the Fund is comprised of 4,999,900 series A shares ("Series A"), 4,990,900 series M shares ("Series M"), and 100 ordinary shares.

Series A and Series M shares are non-voting, participating, redeemable shares of \$0.01 par value each. Series M shares are identical to Series A shares except that Series M shares do not bear any portion of the management fees or incentive fees and are not available for subscription without the Investment Advisor's agreement.

On termination of the Fund, all the shareholders of record holding outstanding Series A and Series M shares are entitled to receive any assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

Series A and Series M shares are issued at the NAV per share for their respective series on the date of issuance. Redemptions of Series A and Series M shares are at NAV per share of the respective series less a redemption charge of 0.375%. The redemption charge is retained by the Fund.

The ordinary shares are non-participating, voting and non-redeemable. These shares do not participate in the income, distributions, or net assets upon redemption or liquidation of the Fund.

The following details the changes in the number of Series A and Series M shares outstanding for the two years ended December 31, 2024:

	<u>Series A</u>	<u>Series M</u>
Number of units outstanding, December 31, 2022	16,192	2,254
Shares redeemed during the year	<u>(4,172)</u>	<u>(2,254)</u>
Number of units outstanding, December 31, 2023	12,020	-
Shares redeemed during the year	<u>(135)</u>	<u>-</u>
Number of units outstanding, December 31, 2024	<u>11,885</u>	<u>-</u>
Weighted average number of shares outstanding for the year ended December 31, 2023	<u>13,988</u>	<u>1,340</u>
Weighted average number of shares outstanding for the year ended December 31, 2024	<u>11,926</u>	<u>-</u>

There are 100 ordinary shares issued and outstanding at a nominal value of \$100 and they are owned by FCMI Financial Services (Cayman) Ltd., a subsidiary of the Investment Advisor.

The Fund made no distributions to shareholders during the years ended December 31, 2024 and 2023.

10. RELATED PARTY TRANSACTIONS

The Fund pays the Investment Advisor a quarterly incentive fee equal to 15% of the cumulative total return of the Fund (being the aggregate increase in net asset value per unit for all outstanding units) for the period that began immediately after the last quarter for which an incentive fee was paid. Incentive fees will, however only be payable to the extent that the cumulative total return for the subject period exceeds an annualized rate of return equal to the yield on 2-year U.S. treasury notes (the “Hurdle Rate”). The Hurdle Rate for each calendar year is the rate quoted on the first day of business in a calendar year. Incentive fees of \$nil were recognized for the year ended December 31, 2024 and \$nil for the year ended December 31, 2023. Incentive fees payable of \$nil (\$nil as at December 31, 2023) are included in accounts payable and accrued liabilities at December 31, 2024.

The incentive fee is calculated with respect to all of the Fund’s shares, excluding Series M shares. Accordingly, under certain circumstances, an incentive fee may be paid to the Investment Advisor before a shareholder recovers its entire pro rata share of previously incurred net depreciation and a shareholder’s actual pro rata interest in an incentive fee may be greater or less than 15% of the net appreciation in the NAV per share of the shares held by such investor.

The Investment Advisor is entitled to a management fee, calculated and payable monthly in arrears, at the rate of 1/12th of 1% per month (1% per annum) of the month-end NAV of the Series A shares. Management fee expense of the Fund incurred with the Investment Advisor for the year ended December 31, 2024 was \$187,140 (\$188,665 for the year ended December 31, 2023). An amount of \$16,935 (\$14,275 as at December 31, 2023), due to the Investment Advisor for management fees, is included in accounts payable and accrued liabilities of the Fund at December 31, 2024.

11. CAPITAL MANAGEMENT

Management considers the Fund’s capital to consist of NAV. The Investment Advisor manages the capital of the Fund in accordance with the Fund’s investment objectives, policies and restrictions, as outlined in the Fund’s information memorandum, while maintaining sufficient liquidity to enable shareholder redemptions. The Fund does not have any externally imposed capital requirements.