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Portland Private Income Fund

Annual Financial Report

December 31, 2024

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PORTFOLIO MANAGER	**Christopher Wain-Lowe,** BA, MBA Chief Investment Officer, Executive Vice President and Portfolio Manager

Overview

The investment objective of the Portland Private Income Fund (the Fund) is to preserve capital and provide income and above average long-term returns. The Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Portland Private Income LP (the Partnership), although Portland Investment Counsel Inc. (the Manager) may determine from time to time that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership.

The award winning Fund seeks to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt instruments, debt instruments and debt-related securities and to a lesser extent equity, either directly or indirectly through other funds, currently consisting of:

- Real Estate debt; primarily first mortgage floating-rate loans, asset backed on properties being developed and constructed for residential and commercial use across North America.
- Senior secured cash flow lending; to mid-market companies in North America and Europe, targeting loans characterized by robust legal structures, equity cushions and floating interest rates that provide quarterly income and improve returns in a rising interest rate environment.
- Maritime assets; primarily senior secured floating-rate loans to global shipping and other maritime businesses by engaging in asset-based financings secured by maritime assets.
- Infrastructure assets; by acquisition of a diversified portfolio of what we believe are high quality, core infrastructure, long duration assets with regulated/contracted revenues, from which a significant percentage of returns can be generated from cash distributions.

The Manager will invest a portion of its portfolio in investment products directly or indirectly managed by specialty investment managers which it believes have disciplined investment philosophies (a Specialty Investment Manager). The Manager decides whether the Partnership invests in a fund managed by a Specialty Investment Manager and the extent of the commitment to that fund but does not decide on the individual loans or investments which will comprise that Specialty Investment Manager's Fund. Aside from funds managed by Specialty Investment Managers, the Partnership does also co-invest or directly invest in opportunities presented by Specialty Investment Managers at the Manager's discretion.

Current Specialty Investment Managers are: Brookfield Asset Management Inc. (Brookfield); Bridge Investment Group Holdings Inc. (Bridge); Crown Capital Partners Inc. (Crown Capital); Crown Private Credit Partners Inc. (Crown Credit); EnTrust Global; Incus Capital (Incus); Northleaf Capital Partners Ltd. (Northleaf); Parkview Financial, LLC (Parkview); Sagard Holdings Inc. (Sagard); and the European Investment Fund (EIF) and its sister institution the European Investment Bank (EIB).

When creating this Fund, the Manager wanted to build a portfolio that could straddle a variety of investment opportunities, be nimble and adapt to changing circumstances and align to the best opportunities within those circumstances, while delivering steady income distributions and a stable net asset value per unit.

The following discussion covers the period from January 1, 2024 to December 31, 2024. Information related to investments is presented on a combined basis whether the investments are held by the Fund or the Partnership. All values are in Canadian dollars unless otherwise noted.

Financial Highlights

Common Units

The Fund's one-year net return on common units as at December 31, 2024 was (10.07%) for Series A units and (9.01%) for Series F units. The Fund's net asset value (NAV) per unit as of December 31, 2024 was $37.39 for Series A units and $39.19 for Series F units. The Fund has delivered annualized and cumulative net returns since inception of 6.03% and 100.1% for Series A units and 7.30% and 132.53% for Series F units, respectively, compared to its targeted 8% annualized return for Series A units and 9% annualized return first set in January 2013.[1]

The primary cause for the negative performance of the common units was the need on June 30, 2024 to lower the fair value of the mortgage portfolio administered by MarshallZehr Group Inc.[2] (MarshallZehr) by 8.4% of the net asset value of the Fund as of May 31, 2024 and; recognize a significant write down of an investment initiated by Crown Credit of 4.5% of the net asset value of the Fund as of May 31, 2024. When combined with other activity, these actions resulted in a negative monthly return of 13.4% for Series A and 13.3% for Series F as of June 30, 2024.

By comparison (and as detailed in this report) over the last few years the Manager has been working effectively with other Specialty Investment Managers and believes the Fund is well placed to meet its objectives through those relations.

As inflation abates and interest rates lower, the accompanying lower capitalization rates and market recovery should impact exit sales prices more favorably than experienced over the last two years. Since June 2024, the Manager has remained of the view that via collaboration and legal remedies it should over time be able to recover some, if not all, of the Canadian mortgage debt administered by MarshallZehr which has been marked down in value and that as the existing portfolio of mortgages administered by MarshallZehr are repaid, the Manager expects future returns to meet target. The Fund's Series F common units has delivered over the last six months a cumulative return of 5.27%, annualized 10.54%.

During the period, the Fund changed its distribution process and began paying variable distributions. For June month end and going forward, the Fund reverted to paying a fixed distribution per unit of $0.333 for Series A, $0.375 for Series F and $0.396 for Series O rather than only paying all or most of the earnings on a monthly basis. The Fund's assets under management (AUM) were $150.7 million as at December 31, 2024.

Figure 1 shows the comparison of performance per year of the Series F units of the Fund alongside the total distributions that have been paid. The performance of the Fund's Series F units has been an annualized rate of 7.30% since inception. If the Fund had not paid distributions, the NAV per unit would have risen from $50.00 to $92.64, a change of $42.64 per unit. However, since inception the Fund has targeted a regular distribution of 9% per annum and so paid out $52.59 of monthly distributions as well as $0.86 of special distributions required to ensure the Fund is not liable for income taxes as all income and capital gains must be distributed out to the investors in the Fund. As detailed in Figure 1, the difference between the performance earned of $42.64 and total distributions paid of $53.45 equals a change of ($10.81) and equates to the NAV per unit of $39.19 as at December 31, 2024.

Figure 1. Performance and Distributions - Series F

Year	Opening NAV per Unit	+ Performance	- Regular Distributions	- Special Distribution	Ending NAV per Unit
2013	$50.00	$4.51	$3.33	-	$51.19
2014	$51.19	$4.42	$4.50	$0.21	$50.89
2015	$50.89	$4.89	$4.50	$0.32	$50.96
2016	$50.96	$4.44	$4.50	$0.15	$50.75
2017	$50.75	$3.90	$4.50	-	$50.15
2018	$50.15	$4.38	$4.50	-	$50.03
2019	$50.03	$3.50	$4.50	-	$49.03
2020	$49.03	$3.22	$4.50	$0.18	$47.57
2021	$47.57	$5.19	$4.50	-	$48.26
2022	$48.26	$5.46	$4.50	-	$49.22
2023	$49.22	$2.97	$4.50	-	$47.69
2024	$47.69	($4.24)	$4.26	-	$39.19
Total		$42.64	$52.59	$0.86	

Fund Awards[3]

The Fund finished in 2nd place in the 2023 Canadian Hedge Fund Awards for the Best 3 Year Return in the private debt category. The Fund finished in 3rd place in the 2023 Canadian Hedge Fund Awards for the Best 5 Year Return in the private debt category.

The Fund finished in 2nd place in the 2022 Canadian Hedge Fund Awards for the Best 1 Year Return in the private debt category. The Fund finished in 3rd place in the 2022 Canadian Hedge Fund Awards for the Best 3 Year Return and the Best 5 Year Return in the private debt category.

The Fund finished in 3rd place in the 2021 Canadian Hedge Fund Awards for the Best 1 Year Return and the Best 3 Year Return in the private debt category.

The Fund finished in 3rd place in the 2020 Canadian Hedge Fund Awards for the Best 5 Year Return in the private debt category.

The Fund was the winner of the 2018 Canadian Hedge Fund Awards for the Best 5 Year Return and the Best 5 Year Sharpe Ratio in the private debt category, the last time the 5 Year Sharpe Ratio was awarded.

Preferred Units

The Fund offers a preferred class of units (the preferred units). Preferred shares are already a popular investment for investors seeking lower risk compared to an equity investment in the same issuer.

The preferred units are issued to provide support to the investment objectives of the Fund by providing a source of borrowing at what we believe to be an attractive cost. The preferred units will be included as debt in the calculation of net borrowing as outlined in the investment strategies, which continues to be an aggregate amount of up to 25% of the total assets of the Partnership after giving effect to the borrowing.

The preferred units are available in two series, Series AP and Series FP, with a minimum investment of $5,000 and are available for purchase in registered accounts. Similar to the common units, subscriptions for preferred units must be received no later than 4:00pm on the last business day of the month. The preferred units are intended to be priced at a fixed NAV per unit of $10.00. Redemptions require 60 days' notice and no redemption fees apply.

The Fund's one-year net return on preferred units as at December 31, 2024 was 4.80% for Series FP units and 3.76% for Series AP units. The Fund's NAV per unit as of December 31, 2024 was $10.00 for both Series AP and FP units. The Fund has delivered an annualized net return since inception of 4.34% for Series FP units and 3.28% for Series AP units.[1]

The preferred units are expected to pay a monthly distribution of no more than the cost of unsecured debt available to the Partnership. The Series AP units pay an annual distribution of 3.70% and the Series FP units pay an annual distribution of 4.70%. The distribution rate is reviewed on a quarterly basis and distribution rates are posted on the Fund's website at www.portlandic.com/private_income.

Recent Developments and Outlook

Inflation is an important economic indicator, which is considered a key influence on changes in the overnight interest rate as determined by Central Banks. Due to the high rate of inflation present in developed market economies in the post-COVID-19 period, this has contributed to an upward pressure on short-term interest rates. However, Canada's Central Bank has begun reducing interest rates beginning in June 2024 and now the overnight interest rate has fallen within its stated neutral interest rate band of 2.25% to 3.25%. Since their inception, the Fund's common units and preferred units have outperformed short-term publicly traded fixed income securities, as reflected with the iShares Core Canadian Short Term Bond Index ETF (XSB), throughout this challenging and volatile interest rate environment. Please see Figure 2 below which shows the Since Inception performance of the Series F common units and the iShares Core Canadian Short Term Bond Index ETF (XSB). Please see Figure 3 below which shows the Since Inception performance of the Series FP preferred units and the iShares Core Canadian Short Term Bond Index ETF (XSB).

Figure 2. Since Inception Series F Performance Comparison

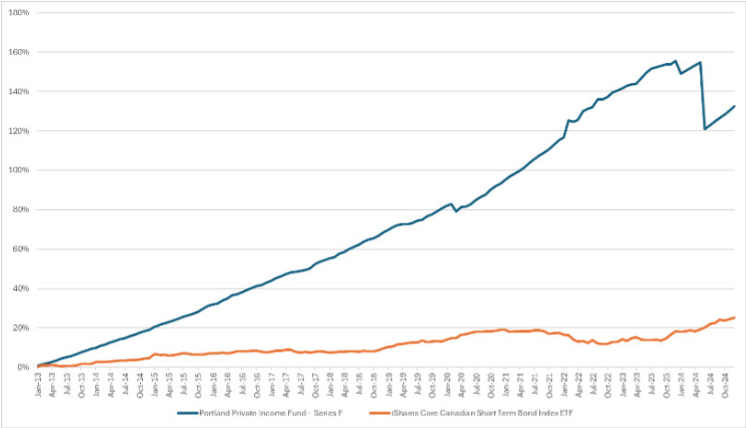
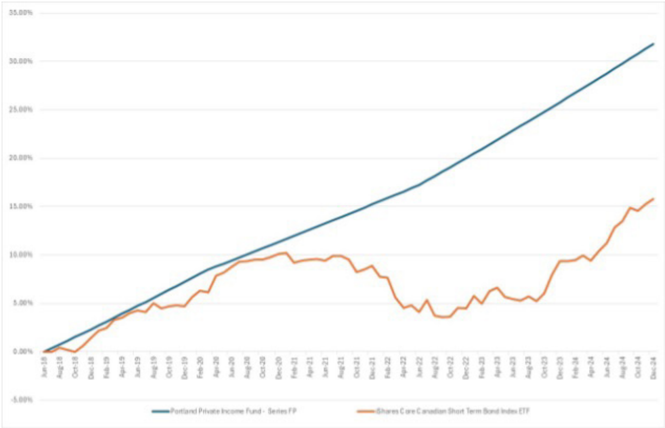
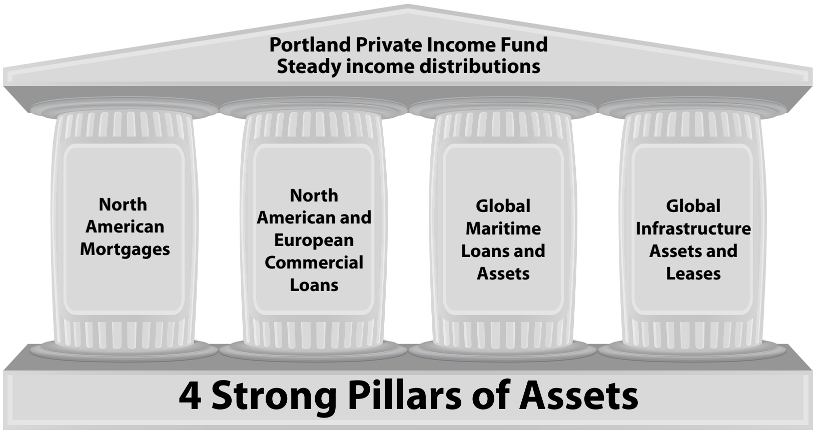


Figure 3. Since Inception Series FP Performance Comparison



We believe that the Fund is well positioned for the future through the introduction of two discrete offers to investors: the common units and preferred units; supported across four strong pillars of global assets: North American Mortgages, North American and European Commercial Loans, Global Maritime Loans and Assets and Global Infrastructure Assets and Leases as shown in Figure 4 below.

Figure 4.



From inception in January 2013 to mid-2015, we selected a portfolio almost exclusively of private mortgages. Beginning in mid-2015, we gradually assessed the attractiveness of the housing market compared to other lending opportunities and selected Specialty Investment Managers to enable the Fund to take advantage of those opportunities in order to ensure the Fund's monthly distribution was supported by the four strong pillars of asset classes that are diversified by sector and geography.

North American Mortgages

After the 2007-2008 global financial crisis (GFC), increased regulatory oversight of the banking sector resulted in more conservative lending standards and higher capital requirements. The tightened credit and reduced liquidity in the real estate-backed debt market created an attractive opportunity for non-traditional real estate lenders, as yields generally increased. This environment has persisted despite being more than 16 years from the beginning of the GFC.

There has been extreme dislocation in credit markets as a result of the worldwide COVID-19 pandemic and the Federal Reserve tightening cycle, with several banks collapsing and others posting significant losses on low yield investments needing to be fair valued in a higher interest environment. More recently, the Bank of Canada has reduced interest rates to bring the overnight interest rate in line with a neutral overnight interest rate. Private lenders have not been immune due to insufficient capital, excess leverage, and exposure to the office sector, leading to some of the lowest levels of competition experienced since 2014. The Manager believes capital markets are loosening, albeit slowly. The pace of this loosening is heavily dependent on interest rate cuts, which are crucial for enabling the refinancing of existing loans. It's important to remember that real estate is an inherently slow-moving industry. Changes in interest rates and capital market conditions take time to filter through the financial system. The Manager believes it may take time for capital markets to return to normal velocity and for transaction volumes to pick up. Also, market volatility has created and continues to create opportunities for the Fund, especially as many commercial real estate (CRE) providers of capital have withdrawn.

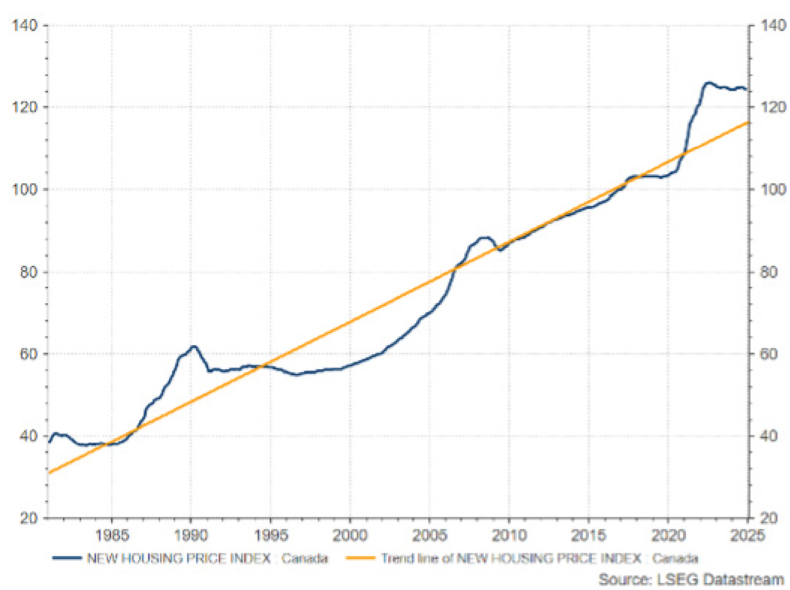
Mortgage investment entities are not a homogeneous group. The Fund lends short-term to developers, not long-term to individuals, based on a project's understood exit, typically take-out financing as the development progresses or based on verified presales. The Fund has only modest exposure to office properties but does have exposure to retirement, student and commercial retail markets and has experience investing in affordable housing, which we believe is increasingly needed as urbanization increases a city's 'support network' of service industry workers.

Canada

Figure 5 highlights Canadian real home index prices from January 15, 1981 to December 31, 2024. Figure 5 seeks to show that real home prices in Canada remain on the high-side of their long-term trend. Conversely, the lack of supply of housing units and the high immigration into Canada may support current housing prices, future price increases, and the continued construction of new housing projects. However, the development of more affordable housing units is likely to take years and only offers potential relief over the longer-term horizon.

We continue to recognize the heightened evidence of overvaluation in the Toronto and Greater Toronto Area (GTA) housing market that is also noticeable in adjacent cities and believe price increases could moderate as underlying economic fundamentals catch up to current prices. We have continued to shun exposure to mortgages in the high-rise downtown core of Toronto. The shift to remote working arrangements caused an increased demand for housing in the suburbs around the GTA. This trend has continued to benefit some of the Fund's mortgages.

Figure 5. Canada New Housing Price Index – January 15, 1981 to December 31, 2024



House prices are relatively high in other major cities around the world. Common to all these cities are buyers from emerging markets who have been willing to pay a premium to secure a safe place for their savings and so at the margin, help to drive a wedge between the prices of homes and the local fundamentals of incomes and rental payments. This mismatch has been frustrating local policymakers, hence the introduction of the non- resident and vacancy taxes as well as a reduction in immigration targets from 2025 to 2027 introduced in Canada. The reduction in immigration levels is expected to contribute to a marginal population decline of 0.2% in 2025 and 2026 followed by population growth of 0.8% in 2027.

Increasing costs including those driven by higher interest rates on development sites have pushed some projects, administered by MarshallZehr, into receivership. Ordinarily, the Manager would agree to appoint a receiver in order to preserve the recovery of indebtedness. Debt is senior to equity in the capital stack, which means that in the event of a default, debt holders are paid back before equity holders.

An investment of the Fund in a project in Barrie, Ontario located at 780 Mapleview Drive East (Mapleview) was particularly impacted by financial and other issues. Mapleview was designed as a 1057 unit project, with 260 units already constructed. Mapleview was made up of six phases over 99 acres approximately one-hour north of Metro Toronto. The assortment of five types of townhouses positioned Mapleview with an opportunity for purchasers of all budgets being adjacent to the South Barrie GO Train station. While the Mapleview development grappled with escalating costs and supply issues from the onset of the COVID-19 pandemic, its ultimate demise resulted from the untimely withdrawal of financial support by KingSett Capital Inc. (KingSett), the first mortgagee across the project which placed it into receivership in February 2024 in order to recover its $49 million investment (in November 2024, KingSett notified it had halted redemptions and distributions on its $1.9 billion fund). The receiver for this project received and ultimately accepted a "stalking horse bid", which essentially only provided enough funds to repay the mortgagees in priority to the Fund and which required the Fund to recognize a $nil fair value for this investment (effectively representing in total a 3.6% reduction in the Fund). We have engaged legal counsel and are considering possible options to recover some value for this investment.

MarshallZehr's recent administrative duties, not least its involvement in the Mapleview project, had been increasingly disappointing which has caused the Manager to increase demands of MarshallZehr pertaining to the remaining portfolio of mortgages it administers and adjusting the fair values on projects displaying greatest risks, categorized as Stage 3 mortgages (see section below Measurement of Credit Risk via Expected Credit Loss (ECL) for the definition of Stage 3), with the collection of these mortgages being marked down by over 47%, and representing approximately 27% of the Fund. The Fund has not accepted any new projects since December 2022 with MarshallZehr, instead engaging with the U.S. based mortgage specialists Bridge and Parkview as detailed below.

U.S.A.

In 2021, we introduced an additional Specialty Investment Manager, Bridge, within the North American Mortgages pillar of the portfolio. Bridge is a leading, vertically integrated real estate investment manager, diversified across specialized asset classes, with approximately US$49.8 billion of AUM as of December 31, 2024. Bridge has enjoyed significant growth since its establishment as an institutional fund manager in 2009, driven by strong investment returns and its successful efforts to develop an array of investment platforms focused on sectors of the U.S. real estate market that it believes are the most attractive. As of September 30, 2024, Bridge had approximately 2,200 employees, including its investment professionals and employees supporting its investment, investor service and corporate activities.

Bridge is the fund manager for Bridge Agency MBS Fund International LP (Bridge AMBS) and Bridge Debt Strategies Fund IV International LP (Bridge Debt IV). Bridge AMBS and Bridge Debt IV help to add liquidity and diversification respectively to the North American Mortgages pillar.

Bridge AMBS' strategy includes investments in mortgage-backed securities, collateralized mortgage obligations, regularly issued residential mortgage-backed securities that are guaranteed by a government sponsored enterprise, and residential mortgage-backed securities that include agency mortgage backed securities from multiple government sponsored enterprises, in each case acquired directly, through securitized pools, real estate mortgage investment conduits, or via to-be-announced contracts. Agency mortgage-backed securities are backed by residential mortgage loans that produce regular cash flows, are generally collateralized by a first lien mortgage, and are guaranteed by government sponsored entities, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association. The investments use leverage via borrowing with repurchase agreements in the repurchase market or other collateralized financing and may include U.S. Treasuries and various risk management strategies using derivative instruments, including swaps, swaptions, and futures. The portfolio has an exposure of US$1.6557 million to Bridge AMBS as at December 31, 2024. Furthermore, Bridge AMBS had an AUM of US$2.5 billion as at December 31, 2024.

Bridge Debt IV invests in a diversified portfolio of commercial real estate-related debt and certain related investments related to or secured by income-producing multi-family, commercial office, seniors housing and selected other real estate assets in the United States. Bridge Debt IV capitalizes on established relationships with asset originators and other market participants, derived from the longstanding commercial relationships and identification and focus on underserved segments of the commercial real estate debt and certain related markets. The portfolio had committed US$15 million to Bridge Debt IV's AUM of US$5.6 billion with 98.7% drawn as at December 31, 2024, of which there is only a 10.9% exposure to office properties. Bridge expects that as debt capital markets recover and competitors return this strong performing portfolio will likely receive prepayments quicker than its earlier three funds.

On February 24, 2025, Apollo Global Management, Inc. (Apollo) (NYSE: APO) and Bridge (NYSE: BRDG) announced they have entered into a definitive agreement for Apollo to acquire Bridge in an all-stock transaction with an equity value of approximately $1.5 billion. Bridge will provide Apollo with immediate scale to its real estate equity platform and enhance Apollo's origination capabilities in both real estate equity and credit, which is expected to benefit Apollo's growing suite of hybrid and real estate product offerings. Bridge manages approximately $50 billion of high-quality AUM in real estate products targeting both institutional and wealth clients and is expected to be highly synergistic with Apollo's existing real estate equity strategies and leading real estate credit platform. Upon the closing of the transaction, Bridge will operate as a standalone platform within Apollo's asset management business, retaining its existing brand, management team and dedicated capital formation team. The transaction is expected to close in the third quarter of 2025, subject to customary closing conditions for transactions of this nature, including approval by a majority of the Class A common stock and Class B common stock of Bridge, voting together and the receipt of regulatory approvals. Certain members of Bridge management and their affiliates, collectively owning approximately 51.4% of the outstanding voting power of the Class A common stock and Class B common stock of Bridge, have entered into voting agreements in connection with the transaction and have agreed to vote in favor of the transaction.

In 2022, we selected Parkview as a new Specialty Investment Manager within the North American Mortgages pillar. Parkview was founded in 2009 and has offices in Los Angeles, New York, Las Vegas and Atlanta. Parkview is a direct private lender specializing in ground up commercial and residential real estate financing.

Through a private real estate debt fund, Parkview provides short-term bridge and construction loans secured by first trust deeds to developers throughout the United States. Since 2015, Parkview has successfully executed more than US$4 billion in financing for multi-family, retail, office, industrial and mixed-use projects with executed loans ranging from US$5 million to US$200 million. To date, the portfolio has completed investments of US$3.6 million to the Parkview Financial US-Cayman Blocker, LLC (Parkview Financial). Parkview Financial has US$925 million in AUM as at December 31, 2024.

The real estate industry has been under considerable pressure due to the prolonged period of high interest rates, which has increased borrowing costs and contributed to a slowdown in investment activities. Parkview has not been immune to delays in the pace of loan payoffs, as borrowers were unable to payoff their loans through refinancings or dispositions of assets temporarily causing Parkview's distributions to be reinvested rather than paid in cash. As a consequence, Parkview increased liquidity to ensure sufficient cash flow to meet future funding obligations and to refresh the loan portfolio with new, high-quality loans to maintain a robust and dynamic asset base.

Recently there has been a noticeable increase in loan payoffs for Parkview Financial due to a combination of slowly improving capital markets and proactive asset management including selectively apply additional pressure on borrowers and engaging with multiple parties to purchase some of its loans. In addition, future funding obligations as a percentage of the portfolio were reduced from 23.8% to 19.6% during Q3 2024 ensuring that Parkview Financial has liquidity to drive remaining projects to completion. While tactics to best resolve troubled loans result in a temporary drop in income, Parkview expects to see investor yields go up again, as it collects its principal, deferred interest, and even equity participation in some cases. Furthermore, as Parkview is successful in getting paid off, it will be able to originate new loans, that will result in origination fee income and consistent interest payments by borrowers – all leading to higher distributions to its investors and a resumption of consistent income.

In 2024, the Fund committed approximately US$243,650 to an opportunistic acquisition of a multi-family property in the suburbs of Seattle, which is managed by Parkview. This committed capital had been fully drawn during the first half of 2024. This property was acquired at a 19% discount on the construction cost of the property and is currently approximately 96% rented.

North American and European Commercial Loans

We believe that while middle-market companies (revenues between $50 million and $500 million) are vital to support a growing economy, they have remarkably few alternatives to access growth capital to expand their operations, fund acquisitions, or recapitalize. The financial landscape is dominated by large global banks and private equity funds, whose financial terms and dilutive financing structures are often ill-suited to meet the demands of mid-market companies. There is, we believe, a clear funding gap between equity providers and bank debt. Continued market uncertainty and banking regulatory changes have exacerbated the funding gap, as banks further limit their willingness to extend adequate credit, so providing the increasing growth opportunity for focused specialty finance providers seeking attractive risk-adjusted returns.

Transaction volumes and financing volumes have decreased across almost all sectors of the European economy, including infrastructure, real estate, buyouts, and corporate M&A. This reduction in transaction volume has heightened concerns about price discovery and liquidity for all asset classes. Although market sentiment and outlook remain positive, the transaction volume data is still underwhelming. The higher interest rate environment is creating different views on asset values, making it difficult for buyers and sellers to agree on prices. Financing providers are facing increased regulatory capital requirements, leading to lower advance rates, decreased new lending volumes, and fewer transactions.

As liquidity providers to real assets, we strive to ensure appropriate compensation for providing liquidity, regardless of the economic environment. Even in a market with reduced transactions and less price certainty, we believe there are clear growth opportunities and market dislocations where we can be a relevant financial partner. These opportunities are present across various asset classes and specific markets.

The inflationary and interest rate-driven pressures that were negatively impacting companies two years ago have largely abated. The recovery in corporate earnings, interest rate cuts, and delayed private company exits are contributing to expectations for increased deal activity. This increased mergers and acquisitions activity should lead to a greater supply of potential transactions for capital solutions providers. The ability to offer flexible and customized financing solutions will allow private credit lenders to serve companies with nontraditional mergers and acquisitions needs. Off-the-run, less commoditized situations should afford investors more diversified portfolios and better risk/reward.

In 2016, the portfolio initiated its exposure to private commercial debt via Crown Credit that originates, structures and provides tailored transitory and permanent financing solutions in the form of loans, royalties and other structures with minimal or no ownership dilution to middle-market companies.

The portfolio of commercial loans held by Crown Credit are detailed on its website at https://crownprivatecredit.ca. Crown Partner Funding currently has AUM of $30.8 million of which the Fund owns 18.3%. Crown Credit is in the divesting/harvesting stage with currently just one debt and three equity positions/contingent payments remaining with no further capital calls expected.

In late June 2024, the Manager was advised of a significant write down of an investment in Rokstad Holdings Corporation (Rokstad), a power line construction and maintenance services provider in Canada and the USA. In 2019, Rokstad secured a $25 million term loan from Crown Partner Funding, later increased to $50 million as the company, which had customer relationships with BC Hydro and Southern California Edison, required additional capital for growth. The terms of the increased loan remained generally the same, subordinated to approximately $50 million revolving loan from Canadian Western Bank. The company then faced significant challenges after losing its largest customer in 2021. In October 2023, the sale of a division of the company was successfully completed which generated net proceeds of approximately $30 million based on an earnings before interest, taxes, depreciation and amortization (EBITDA) multiple of close to 8x. However, the loss of its major customer led to underperformance and a restructuring process. A decision was made to sell the entire remainder of the company in March 2024. Throughout the sale process, operating results suffered due to prolonged periods of reduced demand from customers and as a result offers were revised down in June 2024 to multiples of 4x to 6x EBITDA, which would be insufficient to repay the outstanding Crown Partner Funding loan. Despite receiving multiple offers during a sale process, the company struggled to secure sufficient proceeds to repay its senior lender.

Stellex Capital Management LP (Stellex) conditionally purchased: (i) Canadian Western Bank's secured debt at a discount; (ii) Crown Credit's debt at a significant discount and; (iii) the obligation to pursue legal remedies against the personal guarantors on behalf of Crown Credit's debt. Stellex applied to the Court to appoint a Monitor and the sale of Rokstad's debt to Stellex was completed in October 2024. In consideration for acquiring Crown Credit's debt, Crown received contingent payments rights (CPR) structured as follows:

- Calendar Year 2025: If EBITDA reaches US$15 million, a payment of US$2.5 million.
- Calendar Year 2026: If EBITDA reaches US$25 million, a payment of US$5 million.
- Calendar Year 2027: If EBITDA reaches US$40 million, a payment of US$7.5 million.
- Calendar Year 2028: If EBITDA reaches US$50 million, a payment of US$4 million.

The Fund intends to value the CPR's at zero. If all the CPRs are paid, totaling US$19 million, then at end of year 2024 exchange rates, this would repay approximately $27.3 million or 54.6% of the $50 million original principal. For clarity, all four CPR payments are mutually exclusive from each other.

The largest remaining equity position within Crown Partner Funding is Ferus Inc. (Ferus). Ferus is a privately-owned provider of industrial gases to the energy sector in the Western Canadian Sedimentary Basin. As an integrated supplier of nitrogen and carbon dioxide for the energized fracturing industry, Ferus owns several production plants, tractor-trailer units, and fixed and portable storage units. As of December 31, 2024, Crown Partner Funding holds a 20% equity interest in Ferus, valued at $3.8 million, resulting from a previous loan that has been fully repaid. Crown Credit prefers to value Ferus using an asset-based liquidation approach due to the past volatility of its operating results post-restructuring dating back to 2020-2021 as well as the significant redundant assets, primarily related to the CO_2 operations that had been shut down for years and were being held for sale. While the company has been profitable the past couple of years, the preference was to maintain the asset-based approach, which is also discounted by 25% to account for risk and timing related to the realized values.

As Ferus looks to grow in fiscal year 2025 and has re-started its CO_2 operations and occasional dividend payments, we expect Crown Credit to reassess its valuation by looking at valuation based on the operating cash flow of the business. Crown Credit would want to see the actual results of the CO_2 business contributing before it attributes any cash flow value to that part of the business. Overall, Crown Credit sees upside potential to the valuation, however, Crown Credit will continue to take a conservative approach to this and overall sees multiples currently more in the 4x to 5x range.

Crown Credit advises that Ferus continues to perform well despite some softness in industry demand, with a positive outlook for increased nitrogen demand driven by anticipated high activity levels in the Western Canadian Sedimentary Basin. Current performance reflects a trailing twelve months EBITDA of approximately $3.9 million. Ferus has now re-started its previously idle CO_2 operations, temporarily servicing a customer in the food & beverage industry due to a supplier outage. The Fort Saskatchewan CO_2 plant was recently upgraded to service the food and beverage industry, and management is pursuing opportunities for off-take agreements with various customers. Crown Partner Funding will continue to explore liquidity options for its equity investment in Ferus. The ultimate decision to explore liquidity options for Ferus is with the controlling shareholder, the Energy and Minerals Group (EMG). EMG is a specialized natural resource focused private equity firm founded in 2006 with current assets under management of $13 billion as of September 30, 2024. Understandably, EMG's current focus is to see the business value increase and not to sell just for the sake of liquidity.

Based on the Crown Capital Partner Funding NAV at December 31, 2024, the gross IRR since inception on September 23, 2015 is 9.9% (based on both realized and unrealized positions).

In 2021, we added an additional Specialty Investment Manager, Northleaf, within the North American and European Commercial Loans pillar of the portfolio. Northleaf is an independent, employee-owned global private markets investment firm with US$27.0 billion in private credit, private equity and infrastructure commitments under management on behalf of more than 300 institutional investors including the Canada Pension Plan Investment Board and the Caisse de dépôt et placement du Québec. Based in Toronto, Montreal, London, New York, Chicago, Menlo Park, Los Angeles, Tokyo, Seoul and Melbourne, Northleaf's team of 275 people are focused exclusively on the sourcing, acquisition and management of private markets investments. Northleaf with strong Canadian roots, was formed in 2009 by the spin-out of TD Capital Private Equity Investors, the independent private equity, secondary investment and co-investment arm of TD Bank Group. With the spin-out, Northleaf became the successor to TD Capital's entire team, track record and global investment program. Northleaf is focused on providing globally diversified private markets solutions to investors and currently manages more than 600 active private markets investments globally with a focus on mid-market companies and assets.

The Partnership has committed US$7.0 million to the Northleaf Senior Private Credit-L with assets under management of US$965.6 million and total investor commitments of US$2.7 billion through NSPC-L Investor Trust (Northleaf Private Credit) and had 100% of its commitment called as of December 31, 2024.

In 2022, we introduced two additional Specialty Investment Managers - Incus and Sagard.

Incus is the fund manager for the Incus Capital European Credit Fund IV (Incus Credit Fund IV) and the Incus Capital European Renewables Credit Fund Feeder LP (Incus Renewables Credit Fund LP). Incus was founded in 2012 with offices in Madrid, Lisbon, Milan, Paris, Frankfurt and Luxembourg including a team of 55 investment professionals. The firm is an advisor to over €3.0 billion of assets under management across European credit and equity funds in more than 120 transactions. It targets loans between €20 million to €100 million and is backed by tier-1 institutional investors around the globe. Incus has knowledge and understanding of local market particularities. Its established relationships and local expertise allows for deal sourcing capabilities.

Incus Credit Fund IV is focused on a value-oriented approach to investing in asset-backed investments in selected markets of the Eurozone (Spain, France, Portugal and Italy). Incus Credit Fund IV is focused on building a diversified portfolio of credit exposures, primarily targeting the small and medium enterprise market where transactions typically require a total targeted transaction size ranging between €10 million and €50 million. The Partnership initiated a commitment of €2.5 million to Incus Credit Fund IV that has received total commitments of €652 million, which was 54.54% drawn as at December 31, 2024.

The Incus Credit Renewables Fund LP seeks to build a diversified portfolio across the value chain from projects in an advance stage of development to bringing ready to build projects to a commercial operation date. The Incus Credit Renewables Fund LP utilizes a non-sponsored driven strategy working with what it believes to be best-in-class operators willing to pay for liquidity to develop their portfolio. The Incus Credit Renewables Fund LP has strong downside protection with capital backed by a sizable and valuable portfolio of assets with significant equity cushion. Traditional banks have limited capacity to provide financing to non-sponsor renewable players across Europe. The European Union Green Deal and the European Union gas shortages are driving the requirement for further renewable energy investment across the Eurozone. The decrease in installation cost has made renewable energy the most compelling long term economic solution for solving the energy crisis in Europe. The Partnership initiated a commitment of €2.0 million to Incus Credit Renewables Fund LP that was 29.92% drawn as at December 31, 2024. The following video summarizes the corporate vision that Incus employs as it assists Europe transition into a greener and more sustainable future: https://youtu.be/iEeGOVtWK8s?si=5XRQq37v-gNDzMKG

Sagard is a multi-strategy alternative asset management firm with more than US$25.1 billion under management, 150+ portfolio companies, and 400+ professionals. On July 6, 2023, Sagard made an announcement regarding its new strategic alliances. The firm entered partnerships with Abu Dhabi Development Holding Company PJSC (ADQ), an Abu Dhabi-based investment and holding company, and Bank of Montreal (BMO). Under separate agreements, ADQ and BMO have committed to acquiring minority equity stakes in Sagard, while Great-West Lifeco Inc. (GWL). has agreed to increase its existing minority stake. Under these agreements, ADQ, BMO and GWL have committed to investing capital to facilitate Sagard's future growth, which includes potential mergers and acquisitions. Power Corporation of Canada retains controlling ownership of Sagard following the transaction's completion. In addition, the strategic partners have made commitments to provide additional long-term capital to support Sagard's existing and future investment strategies, which will strengthen Sagard's fundraising potential and accelerate the firm's capacity to launch new products.

Sagard is the fund manager for the Sagard Senior Lending Partners LP (Sagard Lending LP). Focused on the Canadian and U.S. middle market, Sagard Lending LP targets borrowers with US$10 to US$50 million of EBITDA. The Partnership initiated a commitment of US$10 million with Sagard Lending LP's commitments currently totaling US$515 million in a first close in 2023. Sagard Lending LP is targeting total capital commitments of US$600 million with a maximum of US$750 million in commitments. Since launch, Sagard Lending LP has focused on twelve investments in the Canadian and U.S. middle market. The portfolio's commitment to Sagard Lending LP is 31.7% drawn as at December 31, 2024. In July 2024, Christopher Wain-Lowe, portfolio manager of the Fund, was appointed to the Advisory Committee of Sagard Lending LP.

Global Maritime Loans and Assets

The global maritime industry plays a pivotal role in the worldwide economy, with approximately 85% of world trade carried out by sea. Its importance cannot be overstated as it is widely relied upon as a dependable and cost-effective means of transportation. The industry supports international trade and commerce, facilitating the movement of goods, raw materials, and energy resources across the world.

The assets that make up the entire maritime industry are generally all mobile (excluding ports and other select stationary infrastructure) with the ability to relocate and operate globally. The industry consists of numerous unique and uncorrelated sectors that support the production, transportation, and storage of different types of energy, as well as the transportation of many other commodities, finished goods, equipment, and passengers. The assets of these sectors are the vessels, equipment, ports and storage facilities, whose earnings and values are driven by idiosyncratic supply and demand factors.

Projected global economic growth is expected to remain stable at 3.2% for both fiscal years 2024 and 2025. The U.S. growth outlook has improved due to stronger consumption and non-residential investments, which have counterbalanced downgrades for major European economies. These downgrades are driven by fiscal consolidation and weakness in manufacturing production. In emerging markets, disruptions in production, geopolitical conflicts, civil unrest, and extreme weather have negatively impacted the outlook for regions such as the Middle East, Central Asia, and sub-Saharan Africa. In contrast, Asia is expected to experience positive growth in 2024 and 2025, supported by continued strong demand for semiconductors and electronics, largely driven by rapidly expanding global investments in artificial intelligence.

Global inflation is projected to decline from 6.7% in 2023 to 5.8% in 2024 and further to 4.3% in 2025. Developed economies are likely to return to their inflation targets sooner than emerging markets. Cyclical imbalances across major economies have eased, aligning economic activity with potential output and contributing to lower global inflation. The global economic outlook faces several risks that could disrupt growth and stability. These include financial market volatility, potential commodity price spikes, a deeper contraction in China's property sector, and intensified protectionist policies.

The commodity shipping sector experienced a strong earnings environment, with average earnings reaching $25,584 per day in 2024. This reflects a 10% year-over-year increase and levels that are 32% above ten-year averages. Growth in underlying trade volume, combined with disruptions to trade patterns adding to tonne miles, has created favorable supply-demand dynamics. Additionally, supply-side constraints resulting from low orderbooks in certain sectors, along with a tight shipbuilding market characterized by generally lower capacity compared to prior cycles, longer lead times, and higher prices, have further supported strong rates in several shipping markets.

The most significant earnings shift in 2024 occurred in the containership sector, where a 162% year-over-year increase in earnings resulted from vessels re-routing around the Cape of Good Hope to avoid the Red Sea, congestion at major transshipment hubs in Asia, and an earlier-than-usual seasonal inventory stocking cycle by retailers due in part to ongoing labour disputes on the U.S. East Coast. However, the market has recently softened as the peak season ends and fleet expansion continues, with 2025's outlook largely dependent on the Red Sea situation. The strong performance in seaborne energy transportation continued in 2024, fueled by renewed global energy demand, low fleet growth, trade disruptions, and the ongoing redistribution and replacement of Russian energy commodities. Average tanker earnings are approximately 13% above ten-year averages. Dry bulk earnings have shown improvement in 2024, with average earnings at $16,000 per day, reflecting 53% year-over-year growth and 22% above ten-year averages. Offshore oil and gas markets continued to strengthen, with offshore support vessel rates currently 112% above ten-year averages, driven by expanded operations in offshore energy fields and attractive supply-side fundamentals given the record low orderbook and limited scheduled deliveries in the coming years. In container shipping, the pick up of freight rates in December deviated from usual seasonality of a soft December, potentially reflecting volume strength as a result of an early Chinese New Year at the end of January 2025, and possible front-loading ahead of possible port strike on the U.S. East Coast. Crude oil and oil product tanker volumes rebounded to high single digit growth in November after a low single digit negative in October. Dry bulk volume growth year-over-year was slightly up in November sequentially.

The offshore oil and gas services market has been on an upward trajectory since the second half of 2021, driven by increased operations in offshore energy fields and a surge in post-pandemic energy demand. The Clarksons Offshore Index reached a new all-time high in July 2024, closing the quarter 80% higher than its ten-year average. With oil prices between $70 and $90 per barrel, most offshore field developments are commercially viable, leading to a 12% increase in 2024 project CAPEX commitments to $114 billion. Despite Aramco suspending contracts on 27 jack-ups, rig utilization remains close to historical highs at 98%, and the Clarksons Jack-Up rate index is at its highest level since 2014. Future supply growth is expected to remain limited due to high newbuilding prices, financing challenges, and owners' reluctance to reactivate cold-stacked units.

The LNG carrier market remains depressed, with spot rates for conventional LNG carriers down 75% year-over-year in September 2024. The one-year time charter rate also decreased by 39% year-over-year, closing the quarter at $71,500 per day. Despite weak European demand and limited new liquefaction plants, LNG trade volume is projected to increase by 1.4% in 2024, driven by disruptions in the Red Sea and increased U.S.-Asia volumes. The LNG fleet has grown by 4.7% year-to-date in 2024, with a significant order book representing 53% of the global fleet.

The robust earnings environment across all major maritime markets has resulted in higher asset values, which are 67% above ten-year averages. The total orderbook increased by a moderate 2.1% year-to-date in 2024, with current orders highly skewed toward specific sectors, largely containerships and gas carriers. Limited yard capacity and high newbuild prices are likely to constrain additional orders in the coming years.

As indicated during the election, U.S. President Donald Trump and his administration have begun announcing and selectively effectuating tariffs and are considering additional trade policy measures aimed at protecting domestic industries and reducing the U.S. trade deficit, which was estimated at approximately $900 billion in 2024.

As of February 10, 2025, only tariffs between the U.S. and China have been imposed. The current tariffs are expected to impact approximately 0.7% of global seaborne trade volumes, though the actual effect remains uncertain, as redirected trade flows could offset the reduction in U.S. imports and exports. The direct impact on shipping appears relatively limited compared to the U.S.-China trade war in 2018–2019, which reduced global seaborne tonne-mile growth by about 0.5%. This is primarily due to the narrower scope of affected Chinese imports from the U.S.—about 20% of total volume, compared to nearly all imports in 2019. During the previous trade war, much of the disruption stemmed from China halting U.S. purchases rather than the tariffs themselves. Similarly to the previous trade war, the overall impact on seaborne trade from the tariffs imposed in February 2025 between the U.S. and China will likely depend on price sensitivity and how trade flows shift across different commodities:

Container: The most exposed sector is the global containership trade, with 3.2% of total volumes currently subject to tariffs. Trade sensitivity to new tariffs is uncertain, and there may be longer-term diversification of manufacturing to other parts of Asia or North America. Broader U.S. economic factors, such as inflation, consumer demand, and inventory adjustment cycles, could potentially reduce container import demand. For comparison, during the 2018–2019 trade war, tariffs on 5% of the container trade reduced global container volumes and tonne-miles by approximately 0.5%.

LNG: Tariffs apply to a moderate 1% of the global seaborne LNG trade. The U.S. accounts for only 6% of China's LNG imports, with no current U.S. imports from China, while China can source alternatives from other exporters (e.g., Qatar and Russia). Shorter-haul routes may reduce tonne-miles by 0.5%, but the overall impact on the LNG market is expected to remain modest given the forecasted supply-demand imbalance in 2025. Meanwhile, U.S. LNG exports are likely to be redirected to other markets, such as Korea and Japan, partially offsetting reduced exports to China.

Tankers: Tariffs affect only 0.4% of the global crude trade. The U.S. represents just 2% of China's crude imports, while there are no exports of Chinese crude to the U.S., and China can readily obtain alternative supplies from the Middle East. Consequently, this is likely to result in only a modest decline of approximately 0.5% in tonne-miles.

Dry Bulk: The impact remains limited. U.S. coal accounts for only 0.2% of global dry bulk volume, with substitution options likely limiting tonne-mile losses to under 0.5%. Grain imports, a key target during the in 2018–2019 'trade war,' remain unaffected so far.

If U.S. tariffs are imposed on imports from Canada, Mexico, and the European Union, along with potential retaliatory measures, the impact on global seaborne trade is expected to be mixed. Tariffs on Canada and Mexico, which together account for less than 0.1% of global tonne-miles, are unlikely to significantly affect seaborne trade, but with over 90% of trade between these countries land-based, some cargo may shift to longer seaborne routes from alternative trade partners. However, with the European Union representing 2.1% of global tonne-miles, an escalating Transatlantic trade conflict could have a more pronounced negative impact on seaborne trade. In both cases, tariffs would likely lead to economic pressure points, including higher consumer prices, inflation, and supply chain issues, which could reduce seaborne volumes, particularly in containers.

The 25% tariff on U.S. steel and aluminum imports, set to first take effect in March 2025, could potentially impact global shipping markets, as the U.S. is a major importer of these metals (25% of global seaborne steel trade and 10% of aluminum trade). The tariffs are expected to primarily affect the dry bulk sector, with the impact depending on shifts in global production of these commodities and trade flows. Indirect consequences may include retaliatory tariffs from affected countries and higher production costs in the U.S., which could further influence global trade and underlying demand.

Christopher Wain-Lowe, portfolio manager of the Fund, has previous direct experience in European banking, having been employed by Barclays PLC for nearly 20 years. During that time, Christopher spent over three years based in Athens, Greece, ultimately as Chief Executive Officer of Barclays business in Greece responsible for its large shipping portfolio.

These earlier experiences assisted the decision in 2018 to select EnTrust Global as a Specialty Investment Manager to complement the Fund's existing portfolio via its maritime lending fund, Blue Ocean Fund (Blue Ocean) and subsequently the acquisition of the Maas Capital Shipping B.V. portfolio (Maas), through Blue MC (Cayman) LLC (Blue MC). EnTrust Global is a leading global alternative asset manager and is one of the world's largest hedge fund investors.

The investment strategy of Blue Ocean is to seek to generate attractive risk adjusted returns by targeting direct lending opportunities to vessel owners by engaging in asset-based financings secured by high-quality maritime assets. Blue Ocean is primarily engaged in lending to and investing in shipping companies, non-U.S. oil services companies and other maritime businesses and operations related directly thereto. In April 2024, EnTrust Global was awarded with the Marine Money 2023 Dealmaker of the Year for Blue Ocean.

EnTrust Global provides portfolio and risk management services to its maritime strategy of approximately US$2.9 billion which, as of December 31, 2024, includes the Partnership's initial: (i) US$5.0 million commitment to the Blue Ocean fund's first closed-end fund in March 2018 with a current market value of US$0.1 million outstanding; (ii) US$7.0 million commitment to the fund's second closed-end fund in December 2018 with a current market value of US$4.3 million outstanding and; (iii) the investment in the acquisition of Maas from ABN AMRO Bank N.V. (ABN AMRO) through Blue MC with a current market value of US$11.0 million outstanding. Blue Ocean's first and second closed-end funds have now both passed their investment periods and have entered into their respective divesting/harvesting periods. The Partnership will continue to receive periodic distributions as investments are realized.

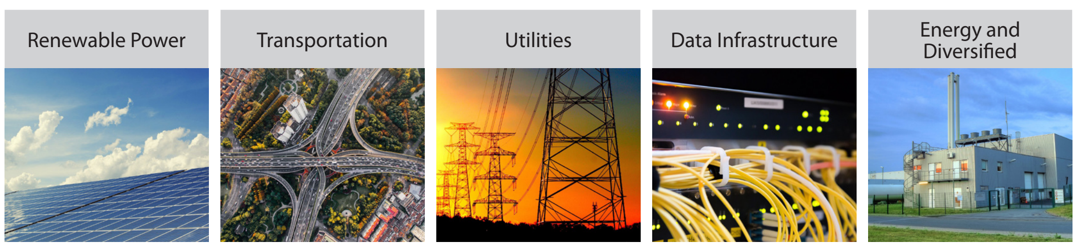
The Manager and EnTrust Global believe that financing opportunities in the shipping sector have come with significant contractual downside protection given moderate loan-to-ship values and first lien, senior secured structures. As at the end of December 31, 2024, Blue Ocean's total invested capital of the first close (approximately 0.1% of the Fund) featured a portfolio of one asset comprising four vessels with an average vessel age of 13 years (see Figure 17) and its total invested capital of the second close (approximately 4.0% of the Fund) featured a portfolio of 20 assets comprising 108 vessels with an average vessel age of 13 years (see Figure 18). The acquisition of Maas from ABN AMRO in 2021 (approximately 10.1% of the Fund) features a portfolio of 41 vessels across a portfolio of 15 equity joint venture investments within the product/chemical tanker, dry bulk, LPG, container, and offshore services segments with underlying attractive average vessel ages. In addition, Maas includes an equity stake in a growing intermodal business which leases out container boxes (see Figure 19).

Based on the tariffs currently in place, the Blue Ocean team does not expect a material impact on its existing portfolios. As described above, the conflict in the Ukraine and the Middle East has increased shipping rates and tonne-miles travelled. Due to the recent cyclical catalysts that have increased valuations within this pillar, the Partnership will seek to materially reduce this pillar over the next two years. We expect about half of the remaining Blue Ocean fund's second closing assets to be divested within two years and Blue MC should be seeking to divest sizeable assets within this timeframe as well. We believe the three equity investments held within Blue Ocean fund's second closing may take another three years to divest at attractive valuations. This pillar has materially outperformed the rest of the Fund but due to the cyclical nature of this business, we are currently not actively allocating any additional capital to this pillar.

Global Infrastructure Assets and Leases

We believe there has been systemic underinvestment in infrastructure which means that a significant amount of private capital is needed to address the global funding gap. This market's activity has been catalyzed further by strategic and infrastructure fund divestment programs. Furthermore, recent government initiatives are expected to create additional opportunities. Some examples of these assets are depicted in Figure 6.

Figure 6. Infrastructure Asset Sectors



Infrastructure assets have certain characteristics that we see as displaying attractive attributes for the Fund. These characteristics include having a significant cash yield, lower volatility, diversification, inflation protection and long duration. Please see Figure 7.

Figure 7. Infrastructure Asset Characteristics

Significant Cash Yield	Lower Volatility	Diversification	Inflation Protection	Long Duration
Significant percentage of returns can be generated from cash distributions	Regulated/contracted revenues from operating assets	Low correlation of infrastructure to other major asset classes	Inflation-linked cash flows provide natural hedge to rising liabilities	Long operational life of underlying assets

We expect an expanding opportunity set of core infrastructure assets, as capital-constrained governments and corporations are continuing to monetize mature infrastructure assets in order to deploy capital towards growth and development initiatives. This activity is set against a prevailing landscape of systemic underinvestment in public sector infrastructure. Furthermore, inflation-linked infrastructure assets benefit from higher rates of inflation seen across global economies.

International Infrastructure Assets

In 2018, we selected Brookfield as a Specialty Investment Manager, one of the world's largest global infrastructure investors and operators.

As an initial investor, we committed US$5 million to the open-ended Brookfield Super-Core Infrastructure Partners (CAN) L.P. (BSIP) managed by Brookfield and subsequently increased this commitment by US$0.8 million. The Partnership opportunistically and successfully divested its position in BSIP in August 2024. Over its holding period, the portfolio received distributions amounting to US$1,517,287 and a final redemption amount of US$6,343,361 resulting in net proceeds received of US$7,860,648.

In 2019, the Partnership as an initial investor, committed US$15 million to the Brookfield Infrastructure Fund IV (BIF IV) with Brookfield closing this flagship global infrastructure fund in 2020 with total equity commitments of US$20 billion. As at December 31, 2024, the Partnership has a remaining unpaid commitment of US$2.5 million to BIF IV.

In 2022, the Partnership as an initial investor committed US$4 million to Brookfield Infrastructure Fund V (BIF V). Brookfield has to date received total equity commitments of US$30 billion for BIF V. As at December 31, 2024, the Partnership had paid US$1.4 million towards its commitment in BIF V, resulting in a remaining commitment of US$2.6 million.

BIF IV and BIF V seek to acquire high quality, core infrastructure assets on a value basis, focused on essential services with inelastic demand, strong barriers to entry due to regulatory and/or contractual frameworks and attractive locations. Brookfield seeks sustainable, long-term, inflation-linked cash flows with high operating margins. In order to invest on a value basis, Brookfield taps into proprietary deal flow utilizing its proactive outreach program and advantages of scale and operating expertise. It capitalizes on a broad global mandate to invest opportunistically where pockets of value exist and to leverage its ability to execute large, multifaceted transactions, where there is less competition. In order to enhance value with an operations-oriented approach, Brookfield's focus is on acquiring control or co-control of investments. Brookfield originates accretive organic growth projects and add-on acquisitions as it seeks to execute opportunistic exits in order to maximize value.

BIF IV has invested or committed capital to a diversified set of 21 attractive infrastructure businesses (with one already divested) some of which include the largest short-haul rail operator in North America, natural gas pipelines in North America, European residential infrastructure, global telecom towers, data infrastructure businesses in North America, South America, Australia, New Zealand, India and the UK, a North American Liquefied Natural Gas export facility, and a global portfolio of renewable power assets including solar and wind, with no direct exposure to commodity prices.

BIF IV has successfully divested in June 2023 its ownership interest in a New Zealand data distribution business that was originally acquired in July 2019. Brookfield was able to improve operational efficiencies within the business and implement a cost cutting program. These changes allowed BIF IV to obtain a strong exit price and helps solidify a strong return profile that has been experienced to date.

BIF V has invested or committed capital to six attractive infrastructure businesses. These businesses are domiciled in strong long-term growth industries including the highly sought after semiconductor manufacturing sector, a global telecom business based in Europe, an intermodal shipping container owner and lessor, a fully integrated renewables platform of utility scale solar, wind and battery storage throughout 17 states in the U.S., a European hyperscale data center platform, and a leading developer, owner and operator of wholesale data centers in Canada and the U.S.

Renewable Energy Infrastructure Assets in Developing (Non-OECD) Countries

For over a decade we have believed that renewable energy and energy efficiency are at the core of sustainable investing, which in turn is central to the transition to a less carbon-intensive and more sustainable global energy system. The investment in renewable energy and energy efficiency has grown rapidly over the past few years, as costs decline sharply especially for solar photovoltaics and wind power.

The Fund has invested in Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP), managed by the Manager via Christopher Wain-Lowe. The investment objective of Portland GEEREF LP is to provide income and above average long-term returns by investing primarily in the B units of GEEREF, advised by the EIF and sub-advised by the EIB, the largest multilateral borrower and lender in the European Union.

GEEREF is a private equity and infrastructure fund of funds, investing in energy efficiency and renewable energy private equity funds, for primarily energy efficiency and renewable energy projects in developing countries (Regional Funds). GEEREF was initiated by the European Commission in 2006 and launched A shares in 2008 with funding from the European Union, Germany and Norway, ultimately totaling €131.8 million. GEEREF concluded its fundraising from private sector investors for B units in May 2015 raising €110 million. GEEREF's total commitments were €241.8 million. The Partnership owns units of Portland GEEREF LP, which committed €14.25 million for B units in GEEREF. The B units of GEEREF feature a preferred return mechanism and faster return of capital over the A shares currently held by the public sponsors.

The portfolio currently comprises 215 investments. The Regional Funds selected by GEEREF are detailed on GEEREF's website at www.geeref.com, and full details about Portland GEEREF LP can be found on our website at www.portlandic.com/geeref.html. To date, GEEREF has paid twelve distributions to Portland GEEREF LP which in turn initiated paying distributions from Portland GEEREF LP to its unitholders beginning December 2017.

Consequences of the COVID-19 pandemic were the slowdown in builds of projects under construction and the deterrence of would-be acquirers from visiting to inspect commissioned and operating projects. Also, increased finance costs and inflation widened the gap between expectations of acquirers and sellers. Nevertheless, the aggregate status of the portfolio of projects continues to hold up and with our encouragement, the pace of successful divesting picked up, so as cash distributions are received, we expect this to become a very small component of the portfolio.

Power Generation: Infrastructure Assets in Ontario

Crown Capital launched Crown Power in 2019 to address the market opportunity for onsite power generation in Ontario and Alberta. Crown Power raised commitments of $50 million, of which the Partnership committed $8.6 million and therefore holds about a 17.26% interest. As at December 31, 2024, Crown Power has a total of seven operating projects with a cumulative operating capacity of 10.7 MW, and another four projects under development with a cumulative operating capacity of 0.9 MW, all of which are expected to be operational within the first half of 2025.

The largest project in the portfolio, Wilson Creek (maximum output capacity of 8.8 MW), is adjacent to the Wilson Creek Gas Plant in Alberta and has been selling power to the grid since the end of August 2023. At capacity, and assuming runtimes between 25% and 30%, the Crown Power team expects this facility to generate $2-$2.5 million in earnings before interest, tax, depreciation, and amortization (EBITDA) annually. Softer power prices in the Alberta power market over the year, as well as delays in cooler related engine repairs, lead runtimes to fall below expectations over the period.

Wilson Creek

Wilson Creek Merchant Power Facility – Completed Facility

The other six operational projects have been running smoothly, delivering a combined 1.9 MW. Four of these projects are 150 kW combined heat and power (CHP) systems, which are designed to run in parallel with the grid and deliver thermal energy into the underlying buildings' domestic hot water system. The remaining two non-CHP operating projects include a 100 kW portfolio of 260 fixed mounted solar panels, and a larger 1,200 kW system that is operating as a peak shaver under a fixed-price capacity payment contract servicing a manufacturing company in Ontario.

The outlook moving into 2025 is focused on optimizing the portfolio. As of December 31, 2024, 12.7% of Crown Power's remaining assets were inventory and equipment being held for sale. In February 2025, Crown Power completed the sale of assets netting $3.45 million with proceeds distributed to limited partners in March 2025. After these sales, there is $1.4 million of inventory assets remaining for sale, expected to be sold by the end of 2025. Beyond the inventory and equipment sales, there is demonstrated buyer interest in a large subset of the operating assets within Crown Power, which could be further accretive to cash flows to be received by limited partners.

Portfolio Profile

The portfolio is comprised as follows:

December 31, 2024	Asset Allocation	# of Investments
North American Mortgages	48.5%	830
Direct Investment	30.1%	23
Indirect Investment into Open Fund	4.7%	104
Indirect Investment into Closed Fund	13.7%	703
North American and European Commercial Loans	13.2%	120
Direct Investment	0.2%	1
Indirect Investment into Open Fund	6.6%	83
Indirect Investment into Closed Fund	6.4%	36
Global Maritime Loans and Assets	14.1%	155
Direct Investment	10.0%	41
Indirect Investment into Closed Fund	4.1%	112
Global Infrastructure Assets and Leases	23.5%	243
Indirect Investment into Open Fund	0.3%	0
Indirect Investment into Closed Fund	23.2%	243
Public Securities	0.7%	3
Direct Public Securities	0.7%	3
Total	100.0%	1,349

The Fund is primarily invested in private debt. Please see the below Figure 8 to see the Fund's historical asset allocation to debt.

Figure 8. Annual Historical Debt Allocations

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Mortgages	51%	48%	45%	45%	44%	46%	46%	45%	47%
Commercial Loans	14%	17%	18%	19%	27%	26%	31%	33%	29%
Maritime Debt	4%	4%	6%	7%	8%	8%	9%	6%	-
Infrastructure Operating Leases	4%	4%	4%	4%	5%	3%	-	-	-
Cash Equivalents Surplus	-	1%	-	-	-	-	-	-	-
Total Debt Allocation	73%	74%	73%	75%	84%	83%	86%	84%	76%

North American Mortgages

As of December 31, 2024, the mortgage portfolio consisted primarily of first mortgages, a significant component of which consists of mortgages in the Greater Toronto Area, Southwestern Ontario and Central Ontario sourced and administered by MarshallZehr[2]. As of December 31, 2024, we estimate the weighted average loan-to-value of the MarshallZehr mortgage portfolio was 66%. These mortgages include a variety of infill and intensification projects which seek to address underutilization and underdevelopment in areas of increasing demand. The projects span term, pre-development, development and construction stages (see Figure 9). The projects are also segmented between traditional housing, retail and mixed uses (see Figure 10). The mortgages are diversified across project types, geography, project stage and term.

Figure 9. Mortgage portfolio breakdown by mortgage type as of December 31, 2024

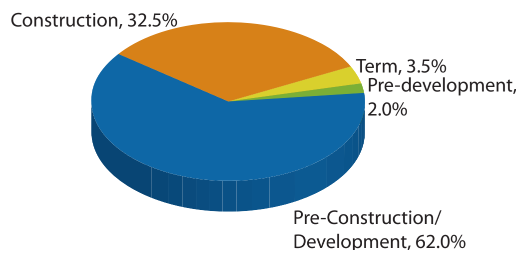
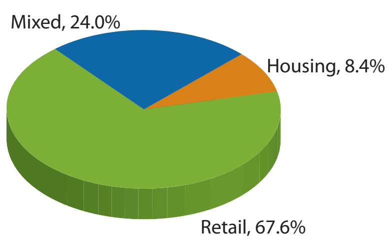


Figure 10. Mortgage portfolio breakdown by property usage as of December 31, 2024



Parkview Financial includes loans to developers as primarily construction loans as well as some bridge loans. The Parkview Financial portfolio is well-diversified, comprising of 40 projects, spanning 13 states and districts in America including Washington DC, Connecticut, Washington, Oregon, California, Colorado, Indiana, Alabama, North Carolina, Maryland, New Jersey, New York, and Utah. Parkview Financial issues loans with collateral property types including multi-family, land, single family residential, mixed use, office, retail and industrial. As of December 31, 2024, the weighted average loan-to-value of the Parkview Financial mortgage portfolio was 64.7%.

Similarly, Bridge Debt IV has continued to diversify its portfolio. Bridge Debt IV encompasses 703 loans across the United States of America. Of the total 703 loans that have been made, 51.5% are located in the South, 32.3% are located in the West, 8.8% are located in the Northeast, and 7.4% are located in the Midwest of the country. As of December 31, 2024, the weighted average loan-to-value of the Bridge Debt IV mortgage portfolio was 21.5%.

North American and European Commercial Loans

There is one remaining loan within Crown Partner Funding, RBee Aggregate Consulting Ltd., formerly one of the largest mobile rock crushing units in western Canada and which via a receivership process underway, the Fund expects to recover its current exposure representing less than 0.4% of the Fund.

Incus Credit Fund IV has diversified its portfolio of 17 loans and continues to deploy capital by strategy and by country. Please see the below Figure 11 for the portfolio breakdown by strategy and please see the below Figure 12 for the portfolio breakdown by geographic location.

Figure 11. Incus Credit Fund IV by Strategy

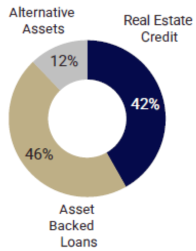
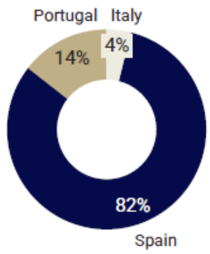
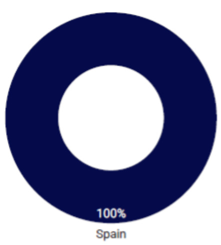


Figure 12. Incus Credit Fund IV by Geography



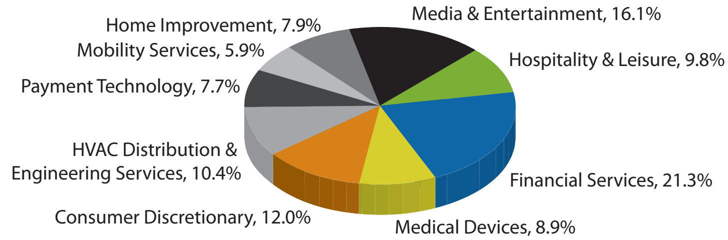
Incus Renewables Credit Fund LP is currently exclusively invested in Spain with exposure to two loans currently, however as the portfolio continues to be built out, we expect expansion into other geographic regions. Please see the below Figure 13 for the portfolio breakdown by geographic location.

Figure 13. Incus Renewables Credit Fund LP by Geography



Sagard Lending LP is building out a diversified portfolio of currently 12 loans across various industries. Please see the below Figure 14 for the portfolio breakdown by industry.

Figure 14. Sagard Lending LP by Industry



Northleaf Private Credit is building out a diversified portfolio of currently 83 senior secured loans across various geographies and sectors. Please see Figure 15 for the portfolio breakdown by geographic location and Figure 16 for portfolio breakdown by sector.

Figure 15. Northleaf Private Credit by Geography

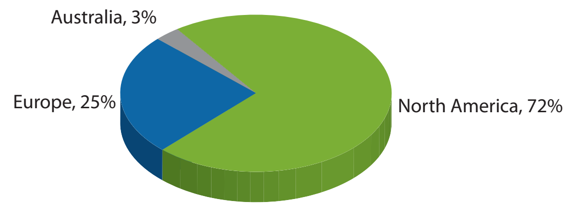
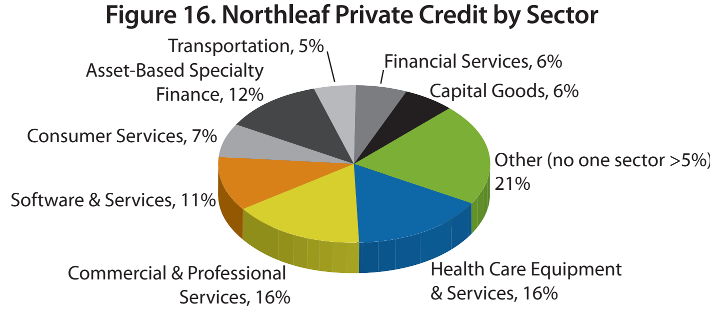


Figure 16. Northleaf Private Credit by Sector



Global Maritime Loan and Assets

Figure 17 illustrates a snapshot of Blue Ocean's first portfolio as of December 31, 2024. Figure 18 illustrates a snapshot of Blue Ocean's second portfolio as of December 31, 2024.

Figure 19 below illustrates the current asset allocation of the Maas portfolio.

Figure 17. Portfolio Asset Allocation for the First Close of the Blue Ocean Fund

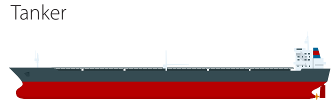
Asset Allocation		
Segment Breakdown	AUM (USD millions)	% of Total
Tanker 	$7.60	100%
Total	$7.60	100%

Figure 18. Portfolio Asset Allocation for the Second Close of the Blue Ocean Fund

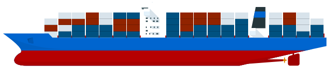
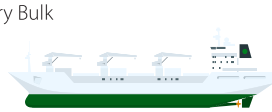
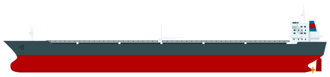
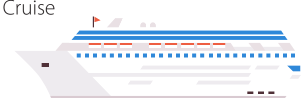
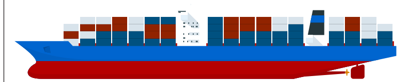
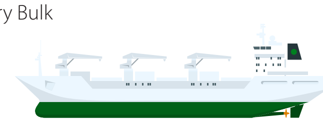
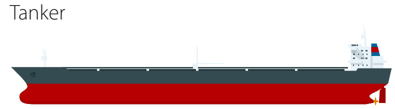
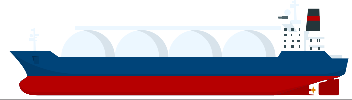
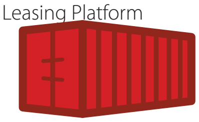
Asset Allocation		
Segment Breakdown	AUM (USD millions)	% of Total
Container 	$9.09	25%
Dry Bulk 	$13.41	37%
Tanker 	$12.96	35%
Cruise 	$1.09	3%
Total	$36.55	100%

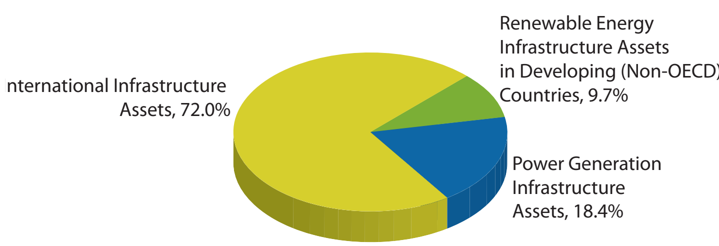
Figure 19. Maas Capital Shipping B.V. Portfolio

Asset Allocation	
Segment Breakdown	% of Total
Container 	10%
Dry Bulk 	21%
Tanker 	19%
LPG Carriers 	32%
Container Leasing Platform 	18%
Total	100%

Global Infrastructure Assets and Leases

Figure 20 shows the approximate infrastructure asset class allocation within the Fund as at December 31, 2024.

Figure 20. Approximate Infrastructure Assets and Leases by Type as at December 31, 2024



Risk

Project Risk and Returns

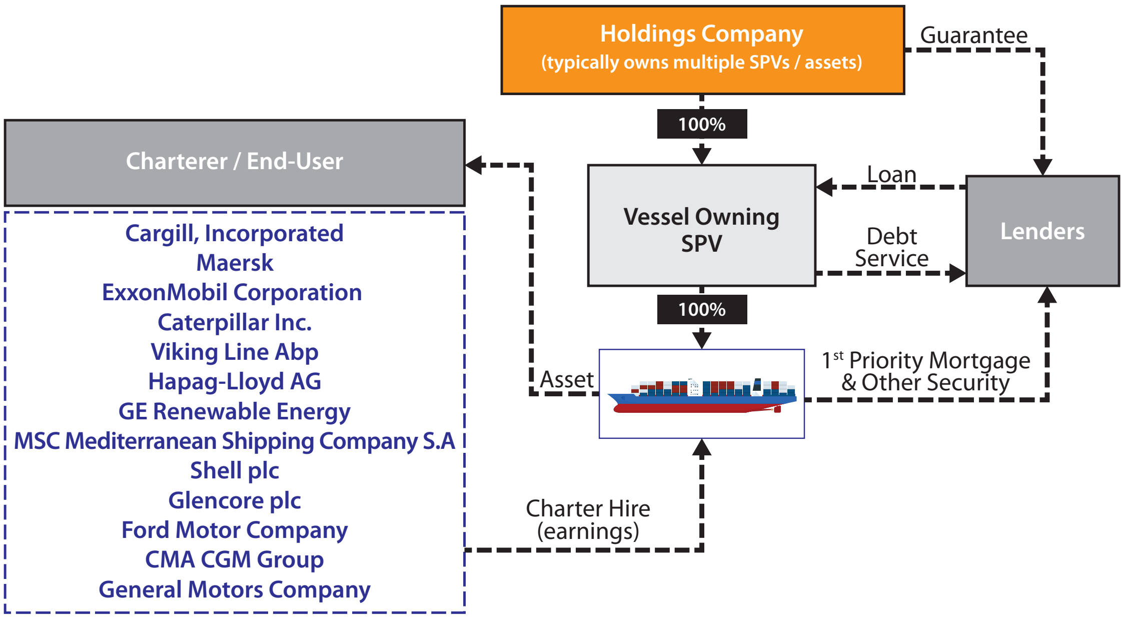
The business environment in which the Fund operates is a relatively high yield market. This market presents opportunities but not without risk. As described earlier, the holdings within the portfolio of private mortgages engage in a strategy that centers around taking on a suitable amount of project risk. The project that developers set out to accomplish is to construct or upgrade a building or complete a phase of homes. Along a timeline from beginning to completion, a project enters into different periods of time when the level of risk varies. As an example, the point in time when the Fund initiates a loan to a developer is one when zoning approvals have only been conditionally obtained for a piece of land, however full approval is expected. It is at this point in time when the lender can command a high interest rate on its funds of currently about 10% to 14% per annum since there is a quantum of due diligence required that large banks are unwilling to dedicate to relatively small developments - and this is the opportunity that the Fund captures. As the project develops and evolves where more units/homes are sold and built, the level of risk on the project reduces and as such the capital available to such a project from large banks increases and the price of this capital decreases. It is at those points in time when the Fund's more expensive capital is replaced by less expensive capital that requires a lower interest rate. The opportunity set and pricing across North American commercial loans are similar albeit the security covenants are more cash-flow centric than asset-based. As interest rates have peaked and begin to subside, we expect the internal rates of return (IRRs) to settle back around net 11%-12%+.

This particular strategy of providing expensive capital and executing on the development of a project is one in which the EIB's GEEREF, Crown Power, BIF IV and BIF V all operate. GEEREF's Regional Funds and Crown Power intend to build portfolios of IEP's and then sell them at a higher price and lower risk to the purchaser. It is the aggregation of these assets in a diversified portfolio that reduce the risk of the combined portfolio and lowers the required rate of return the purchaser seeks. It is these factors that should allow GEEREF and Crown Power to generate attractive returns for investors, targeting net IRRs of greater than 10%. Crown Power intends to provide operating leases by effectively owning each combined heat and power unit and leasing them back via long-term power contracts to creditworthy end-user counterparties; whereas GEEREF's A shares/B units structure provides significant downside protection and preferred returns to the B unitholders (in which the Fund invests).

By comparison, BIF IV and BIF V will seek to capitalize on Brookfield's over 120-year history of owning and operating essential infrastructure businesses globally. BIF IV and BIF V will invest in a portfolio of high-quality, stable infrastructure assets with a focus on the utilities, energy, renewable power, data infrastructure and transportation sectors where Brookfield has established operating expertise. BIF IV and BIF V will target a gross IRR of approximately 13%+, a net IRR of 10%+ and an average current yield of 4% to 7%.

Exposure to global maritime assets is likely to be more cyclical than infrastructure but similar to commercial loans and so will be driven by opportunistically favourable deals due in part to a dearth of competition, so enabling loan pricing of currently 9% to 14% per annum.

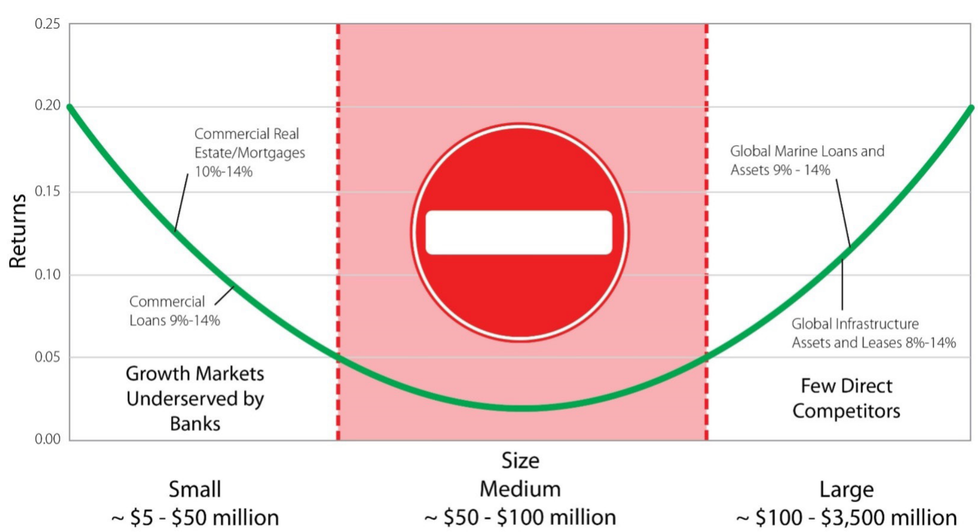
Figure 19. Illustrative Example of Maritime Single Asset Recourse Financing



A key consideration to our seeking exposure to all four pillars: mortgages, commercial loans, maritime assets and infrastructure, is our belief that such diversification lowers the correlation of risk to other major asset classes including publicly traded asset classes, thereby enhancing the attractiveness of the Fund's risk-adjusted returns.

Figure 22 shows the expected returns of the different investments along the y-axis and the size of the underlying investment entity along the x-axis. This illustrates that we target to invest in growth markets that are under served by banks or invest in areas where there are few direct competitors. The scope of investments that range in between these two types of opportunities are likely an area where we would typically not invest since we would expect to receive lower returns due to a more competitive market.

Figure 22. Targeted Returns in a Competitive Framework



These dollar sizes are general/approximate ranges. The size of a business may be relative to the size and shape of the industry it is in, whether the industry is growing or mature and whether there are a few large or many small competitors. As such, the ranges depicted are very approximate.

The target returns illustrated in Figure 22 is illustrated net of the fees that the Fund pays to the mortgage administrator and Specialty Investment Managers. The four pillars of assets are listed in Figure 23, which highlights an approximated range of the management fees and performance fees that we have agreed to pay in recognition of contribution to performance and/or sourcing the deals. Our approach has been to setup the fee structure such that the Fund will generally only pay performance fees after its distribution and return targets have been achieved with the performance, net of fees, published on the website.

Figure 23. Fees Profile

Security	Management Fee per annum	Performance Fee	Hurdle Rate
North American Mortgages	0.16% - 1.50%	0% - 20%	0% - 8%
North American and European Commercial Loans	0.35% - 1.50%	0% - 20%	0% - 8%
Global Maritime Loans and Assets	1.50%	15%	6%
Global Infrastructure Assets and Leases	0.925% - 1.50%	0% - 20%	0% - 10%

Credit risk

Credit risk is the risk of suffering financial loss should any of the borrowers fail to fulfill their contractual obligations. Credit risk is managed by adhering to the investment and operating policies, as set out in the Fund's offering documents. This includes the following policies:

- The portfolio of mortgages are generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable), not exceeding 75% of the determined value of the underlying property securing the mortgage.
- The majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees.
- Such mortgage risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraisers' valuations and credit checks and financial statement reviews on prospective borrowers.
- The portfolio of commercial loans are generally expected to be first and second lien senior loans and mezzanine debt of one to ten years with amortization and so with terms being between one to seven years, although some may be a much longer duration while bridge loans would typically be less than one year.

We believe that strong management, real cash flow, controlled balance sheet leverage and the ability, either directly or indirectly, to negotiate the appropriate entry price point are the primary drivers of value creation.

In selecting EnTrust Global as a Specialty Investment Manager of maritime assets, we reviewed the experiences and expectations of the senior team managing Blue Ocean and agreed with their analysis of opportunities to exploit twin dislocations in the shipping and European banking sectors by serving as an alternative source of liquidity to companies as traditional lenders reduce their activities. Both the Manager and EnTrust Global believe that current financing opportunities in the shipping sector come with contractual downside protection given low to moderate loan-to-ship values, historically low asset values and first lien, senior security structures.

The success of any investment is subject to several risks but various credit enhancements (outside of the standard security packages including first priority mortgages over the underlying assets) are included in maritime debt transactions such as: financial covenants, corporate guarantees, insurance proceeds which cover more than the full value of outstanding loans and collateral assets which are fungible and readily saleable, allowing for maximum recovery in a worst-case scenario. Structures generally deleverage at a pace which is faster than the underlying depreciation of the asset, building equity, and are covered by scrap steel valued at approximately 50% through to maturity (assuming five-year duration).

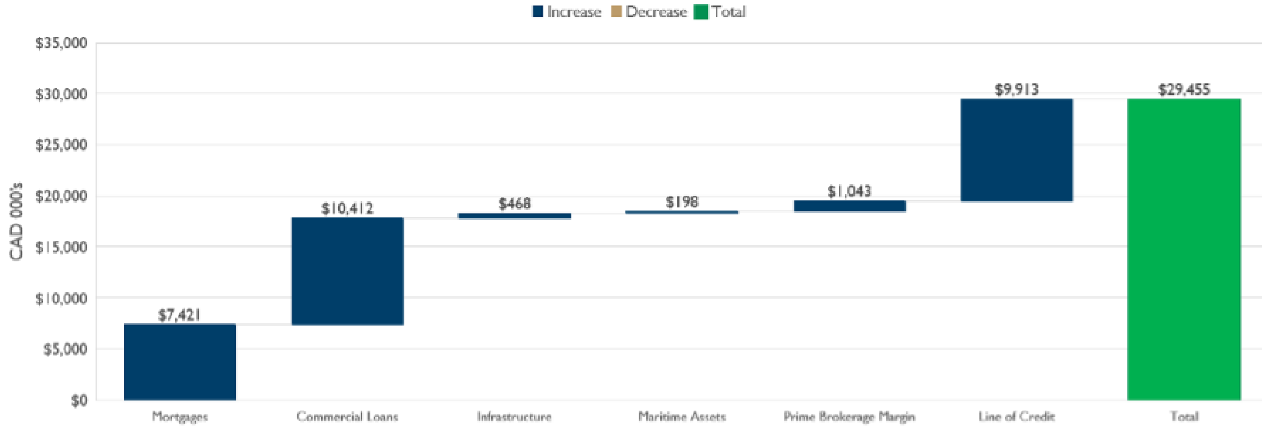
Liquidity

The liquidity of the Fund is an important consideration that we take into account when we conduct portfolio asset allocation. It is of utmost importance that the Fund is able to meet its financial liabilities as they come due. The Fund continually balances the desire to earn the illiquidity premium on private asset classes and avoid engaging in forced selling of private assets in order to meet near term liabilities. As discussed earlier, we look at the Fund through the lens of the four pillars of assets, namely North American Mortgages, North American and European Commercial Loans, Global Maritime Loans and Assets and Global Infrastructure Assets and Leases.

The Partnership may from time to time borrow from a bank, prime broker, the Manager or its affiliates but such borrowings are subject to the restriction that they will not exceed 25% of the total assets of the Partnership as detailed in the offering memorandum. The Partnership may borrow in U.S. dollars but holds cash and cash equivalents as collateral in Canadian dollars in order to hedge portfolio positions held in U.S. dollars. The Partnership also actively manages borrowings from a bank credit facility. The total leverage of the Fund (including preferred units) is 5.1% net of cash equivalents as at December 31, 2024 (June 30, 2024: 6.4%). All of the Fund's Specialty Investment Managers have the capacity to borrow.

The Fund has various options to access liquidity should it need time to access certain amounts of capital over a three-month to 12-month time horizon. Liquidity options for the Fund include redeeming specific investments that have been made, maturing loans within the Fund and the ability to borrow. Figure 24 provides a breakdown of the liquidity options available to the Fund.

Figure 24. Available Liquidity as of December 31, 2024[4]



The assets within the portfolio generate cash distributions/payments on monthly and quarterly intervals. Based on target distribution rates and interest payments, we currently expect to receive approximately $0.53 million in monthly payments. Investors within the Fund can elect to receive their monthly distributions in cash or have them reinvested. This monthly liquidity received can be used to meet monthly cash distributions that the Fund pays as well as to fund additional investments and/or meet other financial liabilities that may come due.

Impairment of Financial assets

On a monthly basis, we assess whether there is objective evidence that mortgages administered by MarshallZehr are impaired, having occurred after the initial recognition of the asset and prior to the period-end that have adversely impacted the estimated future cash flows of the asset. The criteria that we use to determine that there is objective evidence of an impairment loss include: significant financial difficulty of the borrowing entity; a breach of contract; and we, as lender, for economic or legal reasons relating to the borrower's financial difficulty, grant (directly or indirectly) to the borrower a concession that the lender would not otherwise consider.

Non-performing loans and the resolution of such loans are a normal, ongoing part of the business. In general, loan pricing takes into account the fact that a small percentage of loans will have a period of non-performance. While all Specialty Investment Managers aim to collect all indebtedness on mortgages and loans respectively, there are instances where borrowers encounter circumstances when the collection and/or timing of principal repayments and interest payments becomes unclear. For these non-performing loans, interest accrued into revenues is discounted, if such loans are partly performing, or eliminated, if such loans are not performing, thereby resulting in a lower return on the portfolio. Resolving non-performing loans to maximize value is not typically an expedient process and takes patience, experience and capital.

As at December 31, 2024, we recognized that 22 mortgages administered by MarshallZehr have objective evidence of financial difficulty and from the date of recognition, classified these mortgages as non-performing loans, with their mortgage interest accrued into revenue being discounted by way of creating a specific allowance. More details are provided in the section below entitled Measurement of Credit Risk via Expected Credit Loss (ECL). MarshallZehr has been engaged in the recovery processes although we are seeking much more timely updates and the appointment of receivers when deemed complex and/or necessary to expedite recovery. Initially, mortgage loans through MarshallZehr are valued at amortized cost (principal less an allowance for expected credit losses), which approximates their fair value due to their short-term nature.

Bridge as manager of Bridge Debt IV has a portfolio of 703 loans across the K-series and direct lending portfolio that includes seven defaulted loans.

Bridge Debt IV has two real estate owned assets namely, Historic Bank Block (Office) in downtown Portland, OR and Landings at Northpoint (Multi-family) in Houston, TX. For Historic Bank Block, Bridge Debt IV is currently focused on leasing to increase the property income. At Landings at Northpoint, Bridge Debt IV installed new management at the end of the third quarter 2024, and have already seen a slight uptick in occupancy. Bridge Debt IV's plan is to focus on leasing, and then sell the asset once it has stabilized. Three additional multi-family loan defaults within the portfolio are Marq at Mueller, The Clark and the Reserve at Eagle Landing. Bridge Debt IV was able to complete foreclosures on Marq at Mueller and Reserve at Eagle Landing early in the fourth quarter 2024, and are in the process of foreclosing on The Clark. For these three assets, Bridge Debt IV plans to complete any necessary capital improvements and stabilize leasing before looking to sell them. Bridge Debt IV believes the problems at these assets largely stem from poor management and the limited liquidity of the borrowers. The net exposure to Bridge Debt IV across the two real estate owned assets and three defaulted loans is about $90.6 million, or 1.7% of the overall gross asset value of Bridge Debt IV. Bridge Debt IV also has two multi-family loan defaults (Westbridge Apartments and Raintree Apartments) in the K-series deals. Bridge Debt IV believes they are close to a restructure on Westbridge Apartments (Little Rock, AR), but the transaction has been delayed due to the borrower stalling, so Bridge Debt IV is considering a foreclosure strategy. Raintree Apartments (Houston, TX) is close to being sold to a new buyer, who will assume the current debt and bring the loan back to reperforming. Bridge Debt IV believes the transaction should close in the fourth quarter.

Parkview as manager of Parkview Financial completes mortgage loans, which are valued at amortized cost (principal less an allowance for expected credit losses), which approximates their fair value as well. Parkview is aware of six loans within the portfolio that are in default. These properties are being put through a receivership process or a foreclosure process to recoup the outstanding loan proceeds or Parkview is making protective advances in a workout scenario.

Crown Capital and Crown Credit, as Specialty Investment Managers, conducts their own quarterly review of the loans it manages and provides us with that assessment. Private securities are valued based upon the value of the underlying components. For example, an investment made by Crown Capital and Crown Credit that includes both debt and equity will value the debt component as one security and the equity component as a second security.

Upon inception of an investment, the two components shall be equal to the consideration provided by Crown Capital and Crown Credit exclusive of market rate financing fees and transaction expenses.

The loan component will be valued by a discounted cash flow method taking into account current market interest rates and other spread premiums. The discount rate shall be the sum of the following components:

(i) Benchmark yield: For Canadian loans, this is the on-the-run Government of Canada bond with equivalent duration. For U.S. loans, this is the on-the-run U.S. Treasury bond with equivalent duration.

(ii) Credit spread: This is the Canadian or U.S. 'BBB' rated corporate spread index of equivalent duration.

(iii) Excess credit spread: This is determined by Crown Capital and Crown Credit at the inception of the loan and fluctuates over time as these spreads are observed by Crown in the marketplace.

(iv) Excess illiquidity spread: This is determined by Crown Capital and Crown Credit at the inception of the loan and fluctuates over time as these spreads are observed by Crown Capital and Crown Credit in the marketplace.

Crown Capital and Crown Credit conduct internal valuations monthly and provides these valuations to us ordinarily within about five business days after the month end.

The remaining loan within Crown Credit is RBee Aggregate Consulting Ltd., formerly a major mobile rock crushing operator in Western Canada, which was earlier acquired for $31.4 million on November 9, 2017. This acquisition was funded by RBee assuming $18.7 million in secured loans, with $13.7 million bearing 10% interest. Due to ongoing performance issues and conflicts, FTI Consulting Inc. was engaged in January 2022 to evaluate the financial situation. An agreement allowed RBee to acquire the outstanding 50% interest for $1 and sell non-core assets for $3.5 million, reducing debt owed to Canadian Western Bank. On March 11, 2022, FTI Consulting Inc. was appointed as the court receiver, facilitating asset sales. Main equipment was sold on June 20, 2022, which enabled repayment of debts to CRA and Canadian Western Bank and a ~$2 million distribution to the Fund. Legal action resulted in a favorable court ruling on December 18, 2023, awarding RBee ~$4.5 million plus ~$1.3 million in interest from its customer RMC. However, RMC has appealed, with the final decision expected in early 2025. The recovery estimate for this receivable is approximately 50%, pending the appeal's ruling and the ability then to recover the amount due. Additional potential recoveries are being pursued for transactions within twelve months before bankruptcy. The overall recovery estimate stands at $2.87 million pending the RMC appeal of which the Fund's exposure is less than 0.4%.

Brookfield, Bridge, Incus, Sagard and Northleaf, as Specialty Investment Managers, provide quarterly fair valued NAV per unit and quarterly performance and fund updates.

- Incus uses Kroll Inc. as it's independent third party valuator.
- Sagard uses Lincoln International as it's independent third party valuator. They are an industry leader in valuations for major credit funds.
- Northleaf's Northleaf Private Credit uses IHS Markit Ltd. as its external valuation agent.
- EnTrust Global's Blue Ocean uses Citco Fund Services (Ireland) Limited to act as an external valuation agent to fair value Level 1 and certain Level 2 securities of Blue Ocean (for an explanation of Fair Value Levels 1, 2 and 3, please refer to the Notes to the Financial Statements). Level 3 securities, being mainly the loans, lease portfolios and similar investments within Blue Ocean will be valued by EnTrust Global with the assistance of one or more specialist maritime pricing providers, in accordance with fair value accounting principles. Under U.S. Accounting Standards Codification 820 Fair Value Measures and Disclosures, EnTrust Global is required to fair value including an impairment/expected credit loss.
- The third-party valuation firm for the Blue Ocean Maas portfolio is Marsoft Inc. Marsoft Inc. is responsible for calculating valuations on a quarterly basis.

Measurement of Credit Risk via Expected Credit Loss (ECL)

At least annually, we will estimate the ECL attributable to the portfolio of mortgages administered by MarshallZehr based on probabilities of inherent losses that are yet unidentified. The approach adopted is 'Expected Credit Loss', a methodology which performs a quantitative calculation of the ECL to arrive at a probable quantitative value of the overall ECL. This methodology is similar to regulatory capital calculations already employed by banks and so represents the industry's regulatory standard. The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the portfolio of mortgages (and separately loans) is exposed, from the level of individual borrowers up to the total portfolio. The key building blocks of this process are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

For example, the portfolio of mortgages can assign an ECL over the next 12 months to each borrower by multiplying these three factors. A PD is calculated by assessing the credit quality of borrowers. For illustration purposes, suppose a borrower has a 8% probability of defaulting over a 12-month period. The EAD is our estimate of what the outstanding balance will be if the borrower does default. Suppose the current balance is $100,000, our models might predict a rise to $110,000 by the time the borrower defaults. Should borrowers default, some part of the exposure is usually recovered. The part that is not recovered, together with the costs associated with the recovery process, comprise the LGD, which is expressed as a percentage of EAD. Suppose the LGD in this case is estimated to be 25%, the ECL for this borrower is then calculated as 8% x $110,000 x 25% which is $2,200 (i.e. 2.0% of the outstanding balance).

To calculate PD, the Manager assesses the credit quality of borrowers and utilizes publicly available risk default data to help determine one-year probabilities of default and lifetime probabilities of default. When assessing EAD, the portfolio anticipates mortgages to be fully drawn and for the purposes of assessing the LGD, the portfolio makes adjustments to account for the increased losses experienced under downturn conditions.

Based on this ECL methodology, we have conducted regular assessments and have assigned an ECL/collective loan loss provision attributable to the mortgage portfolio holdings, administered by MarshallZehr and Parkview. As at December 31, 2024, we have assigned an overall rate of 0.28% on the outstanding balances of MarshallZehr's stage 1 mortgage portfolio. As at December 31, 2024, we have assigned an overall rate of 1.33% on the entire balance of the Parkview mortgage portfolio.

In the ECL for mortgages, we recognize that such related losses have yet to be identified. As described further in the notes to these financial statements, mortgages are classified into three categories, Stage 1 - Performing, Stage 2 - Non-Performing and Stage 3 - Impaired. The difference between a Stage 1 and a Stage 2 loan is that a Stage 2 loan is one in which there has been a significant increase in credit risk since inception of the loan. In other words, the probability of default on the loan significantly increased since the loan was first made and based on information available to the Manager, a specific impairment may be placed on the mortgage. Once a loan is classified as Stage 2 and is showing some impairment, the ECL/collective loan loss provision is amended and the lifetime expected credit losses are calculated on the whole life of the loan instead of the one-year expected credit losses that are calculated for Stage 1 loans. An increase in the PD does not mean that a default has occurred or that we have identified a situation that makes a default certain in the future. This means that a higher value is used for the PD value compared to the example that was used above. Please refer to the notes to these financial statements for further details on Staging.

Starting in the second quarter of 2024, within the portfolio holdings administered by MarshallZehr categorized as stage 2 and stage 3, and the entire Parkview portfolio, all accrued interest has been provisioned against and therefore reported as profit on a cash basis only, as opposed to recognizing profit on the previous accrual basis (cash plus accrued income).

The Specialty Investment Managers, except Parkview, classify their funds as at fair value through profit and loss. We believe our approach towards ECLs is in harmony with IFRS Accounting Standards and IFRS 9, which became effective January 1, 2018, namely, that we are setting aside collective provisions on performing and 'watch listed' loans, so establishing coverage of credit risk based on expected losses.

Geopolitical Conflicts Risk

In 2025, consequent upon the U.S. election, the ratcheting up of tariff rhetoric and initial implementation, has re-surfaced concerns about rising inflation and stagflation. This U.S. tariff policy coupled with the U.S. President targeting a balanced budget (U.S. deficit is running at ~6%-7%) if rapidly deployed, would likely trigger a recessionary environment across Mexico, USA and Canada and quite possibly other countries. While Central Banks have lowered short-term interest rates, longer-term rates have remained elevated, resulting in a steepening yield curve.

In February 2025, the Bank of Canada provided insight into how Canadian businesses and households are reacting to the trade conflict. The report highlighted consumer spending caution (plans to defer large purchases and increase precautionary savings), job security worries (especially in industries directly relying on exports to the U.S.), and a subdued business outlook. The Bank of Canada highlighted that businesses are reducing hiring and investment plans on the basis of heightened trade uncertainty, while both consumers and businesses are expecting prices to increase over the next year. While the Bank of Canada's opening remarks mentioned that the economic activity impact from tariffs is (largely) yet to be seen, uncertainty is already weighing heavily on business and consumer intentions.

The U.S. Institute for Supply Management Manufacturing Purchasing Managers' Index fell 1.3 points to 49.0 in March 2025 as some tariffs came into effect. New orders sagged to the lowest level since May 2023, suggesting demand is fading quickly amid economic headwinds. Meanwhile, production fell and the employment index dug deeper in the contraction zone. A separate report showed job openings slipped in February 2025, adding to signs of cooling in the labour market. A measure of prices paid increased to 69.4, the highest level since June 2022. The difference is, at that time, the gauge was on its way down. Since the start of this year, the gauge has increased nearly 17 points as price pressures persist.

While not immune to these events, the Fund's Infrastructure and Maritime exposures are comparatively shielded, although such uncertainty weighs on near term fair values and; more directly temporarily slows ongoing approaches to best resolve/exit some mortgages, as high capitalization rates impact exit sales prices.

Ultimately, we believe the potential impact of tariffs are limited across the Fund's Commercial Loans exposures as initiated through its investments in the portfolios managed by Sagard, Northleaf and Incus given their current portfolio composition. Most of the current positions in Sagard and Northleaf are domestic businesses based in the U.S., as are Incus in domestic businesses across Europe and the majority of positions have no direct exposure from sourcing or from an ongoing sales perspective. In the few situations where there is limited exposure to inputs of tariff-impacted goods: Sagard notes these companies already have mitigation plans in effect including alternative sourcing arrangements or agreements with suppliers to offset the impact of tariffs, resulting in little to no expected net impact and; Northleaf notes within the mid-market, companies typically operate on a regional or national basis which creates more insulation from global supply chain and cross-border trade challenges. Sagard believes tariffs and the associated uncertainty may lead to increased deal flow in Canada and the U.S., presenting opportunities to deploy capital for the Fund and Northleaf believes private credit has performed well through prior periods of volatility and expects prudently capitalized borrowers in resilient industries will continue to outperform.

For borrowers that have gone through liability management exercises and/or investment funds that have experienced significant redemptions, recovery rates have been lower across the board. However, in our opinion, select private credit continues to deliver strong risk-adjusted returns for investors via strong downside management due to substantial equity cushions and robust lender protections. Bad actors eventually get highlighted and such deliverance adds 'noise' to a market in which the majority of players deal honestly. The current selected borrowers across four differentiated 'pillars' of assets in the Fund continue to demonstrate resilience and liquidity, which has resulted in improved investor confidence and increased capital flows across the market, into which the Fund is deploying its fresh capital.

Thank You

The last few years have been challenged with the impact of living through the era of the COVID-19 pandemic followed by supply chain disruptions, rising inflation and interest rates, and escalating geopolitical tensions and wars. As the Fund now enters its thirteenth year of operations, it has attracted about 3,000 investors. Collectively, you enable us to continue to focus on prioritizing the monthly distribution while maintaining an attractive allocation of capital to the four pillars of assets. Whether you have been investing with us for many years or just recently, we want to thank you for placing your savings and trust in the Fund. We look forward to continuing to partner with you and help you achieve your financial goals.

Notes

Sources: Unless noted, information has been compiled from various sources including corporate documents, press releases, annual reports, offering documents and public news articles of underlying investment funds and Specialty Investment Managers, Thomson Reuters and company websites.

Certain statements included in this Commentary constitute forward-looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund or Partnership. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events of the Fund or Partnership. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The portfolio management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

Certain research and information about specific holdings in the Fund or Partnership, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

1. *Inception dates of each series are as follows: Series A February 28, 2013, Series F January 7, 2013, Series AP December 31, 2018 and Series FP June 29, 2018.*
2. *MarshallZehr Group Inc. Mortgage Administration #11955 Mortgage Brokerage #12453*
3. *The Canadian Hedge Fund Awards are based solely on quantitative performance data of Canadian hedge funds with Fundata Canada managing the collection and tabulation of the data to determine the winners. There is no nomination process or subjective assessment in identifying the winning hedge funds. The 2018 awards were based on 207 Canadian hedge funds to June 30th, 2018; the 2019 awards were based on 197 Canadian hedge funds to June 30th, 2019; the 2020 awards were based on 221 Canadian hedge funds to June 30th, 2020, the 2021 awards are based on 226 Canadian hedge funds to June 30, 2021, and the 2022 awards are based on 234 Canadian hedge funds to June 30, 2022. The 2023 awards are based on 264 Canadian hedge funds to June 30, 2023. The Sharpe ratio is a measure for calculating risk-adjusted returns. The Sharpe ratio is the portfolio return in excess of the risk-free rate divided by the volatility of the portfolio.*
4. *Remaining term as of breakdown date for mortgages and commercial loan*

Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Private Income Fund (the Fund) and Portland Private Income LP (the Partnership) (collectively the Funds) have been prepared and approved by Portland Investment Counsel Inc. (the Manager) in its capacity as the manager of the Funds. The Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of general partner of the Partnership, Portland General Partner (Ontario) Inc., and the Board of Directors of the Manager, in its capacity as trustee of the Fund, approved these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The material accounting policies which management believes are appropriate for the Funds are described in note 3 to each of these financial statements.

The financial statements have been audited in accordance with Canadian generally accepted auditing standards. The auditor report that expresses their opinion on the financial statements is attached.

"Michael Lee-Chin"

Michael Lee-Chin
Executive Chairman, CEO and Portfolio Manager
June 27, 2025

"Tony Cheung"

Tony Cheung
Chief Financial Officer
June 27, 2025

KPMG LLP
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Canada
Telephone 416 777 8500
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Portland Private Income Fund

Opinion

We have audited the financial statements of Portland Private Income Fund (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Fund commentary document.

Our opinion on the financial statements does not cover the other information and we do not and will 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 and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Fund commentary document as at 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 the auditor's 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 (IFRS) as issued by the International Accounting Standards Board (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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity'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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 27, 2025

Statements of Financial Position

As at December 31,		2024		2023
Assets				
Cash and cash equivalents	$	924,215	$	1,541,730
Margin accounts (note 11)		2,066		13,912
Subscriptions receivable		1,085,608		792,179
Interest receivable		206,971		753,928
Dividends receivable		-		108
Investments (note 5)		153,468,923		187,230,784
Investments - pledged as collateral (note 5 and 11)		17,321		174,040
		155,705,104		190,506,681
Liabilities				
Management fees payable (note 8)		413,518		370,430
Expenses payable		495,881		313,163
Redemptions payable		1,985,017		138,834
Distributions payable		784,838		712,774
Organization expenses payable (note 10)		-		1,933
Derivative liabilities		1,078		2,430
		3,680,332		1,539,564
Net Assets Attributable to Holders of Redeemable Units	$	152,024,772	$	188,967,117
Net Assets Attributable to Holders of Redeemable Units Per Series				
Series AP		252,228		250,660
Series FP		1,310,863		4,085,440
Series A		25,179,898		31,129,643
Series F		125,277,593		153,496,886
Series O		4,190		4,488
	$	152,024,772	$	188,967,117
Number of Redeemable Units Outstanding (note 6)				
Series AP		25,223		25,066
Series FP		131,086		408,544
Series A		673,376		695,259
Series F		3,196,973		3,283,586
Series O		115		102
Net Assets Attributable to Holders of Redeemable Units Per Unit				
Series AP	$	10.00	$	10.00
Series FP	$	10.00	$	10.00
Series A	$	37.39	$	44.77
Series F	$	39.19	$	46.75
Series O	$	36.58	$	44.00

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin" *"Robert Almeida"*

Director Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Loss)

For the years ended December 31,		2024		2023
Income				
Securityholder redemption fees	$	62,235	$	32,614
Net gain (loss) on investments and derivatives				
Dividends		1,770		3,346
Interest for distribution purposes		1,542,529		911,924
Net realized gain (loss) on investments		6,744,114		8,368,315
Net realized gain (loss) on options		983		56,650
Change in unrealized appreciation (depreciation) on investments and derivatives		(17,412,516)		1,931,393
		(9,060,885)		11,304,242
Other income				
Foreign exchange gain (loss) on cash and other net assets		(1,735)		(7,076)
Total income (loss)		(9,062,620)		11,297,166
Expenses				
Provision for credit losses (note 5)		1,907,968		1,478,901
Management fees (note 8)		949,388		1,113,375
Service fees (note 8)		322,751		353,391
Securityholder reporting costs		310,200		254,151
Bad debt - mortgages (note 5)		290,030		-
Mortgage administration fees		189,655		149,627
Legal fees		167,402		77,610
Audit fees		48,025		14,279
Custodial fees		4,505		4,446
Independent review committee fees		2,517		2,379
Transaction costs		1,087		2,872
Interest expense and bank charges		649		2,078
Withholding tax expense		-		423
Total operating expenses		4,194,177		3,453,532
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	(13,256,797)	$	7,843,633
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series				
Series AP	$	9,270	$	8,811
Series FP	$	124,007	$	207,024
Series A	$	(2,596,126)	$	931,379
Series F	$	(10,793,650)	$	6,696,216
Series O	$	(298)	$	203
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit				
Series AP	$	0.37	$	0.37
Series FP	$	0.47	$	0.47
Series A	$	(3.74)	$	1.38
Series F	$	(3.33)	$	2.03
Series O	$	(2.78)	$	2.10

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the years ended December 31,	2024	2023
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Series AP	$ 250,660	$ 193,937
Series FP	4,085,440	5,746,508
Series A	31,129,643	30,231,155
Series F	153,496,886	155,411,852
Series O	4,488	4,285
	188,967,117	191,587,737
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Series AP	9,270	8,811
Series FP	124,007	207,024
Series A	(2,596,126)	931,379
Series F	(10,793,650)	6,696,216
Series O	(298)	203
	(13,256,797)	7,843,633
Distributions to Holders of Redeemable Units		
From net investment income		
Series AP	(5,788)	(5,512)
Series FP	(86,769)	(132,283)
Series A	(1,624,164)	(1,685,438)
Series F	(9,676,460)	(9,503,866)
Series O	(356)	(303)
	(11,393,537)	(11,327,402)
From return of capital		
Series AP	(3,482)	(3,299)
Series FP	(37,238)	(74,741)
Series A	(977,066)	(1,008,869)
Series F	(4,152,735)	(5,369,757)
Series O	(127)	(156)
	(5,170,648)	(6,456,822)
Net Decrease from Distributions to Holders of Redeemable Units	(16,564,185)	(17,784,224)
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Series AP	6	49,000
Series FP	37	30,000
Series A	500,039	2,655,005
Series F	5,116,650	15,245,711
Series O	-	-
	5,616,732	17,979,716
Reinvestments of distributions		
Series AP	8,182	7,723
Series FP	56,651	86,572
Series A	1,145,542	1,448,214
Series F	6,501,935	7,622,970
Series O	483	459
	7,712,793	9,165,938
Redemptions of redeemable units		
Series AP	(6,620)	-
Series FP	(2,831,265)	(1,777,640)
Series A	(2,397,970)	(1,441,803)
Series F	(15,215,033)	(16,606,239)
Series O	-	-
	(20,450,888)	(19,825,682)
Net Increase (Decrease) from Redeemable Unit Transactions	(7,121,363)	7,319,972
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Series AP	252,228	250,660
Series FP	1,310,863	4,085,440
Series A	25,179,898	31,129,643
Series F	125,277,593	153,496,886
Series O	4,190	4,488
	$ 152,024,772	$ 188,967,117

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the years ended December 31,		2024		2023
Cash Flows from Operating Activities				
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	(13,256,797)	$	7,843,633
Adjustments for:				
Net realized (gain) loss on investments		(6,744,114)		(8,368,315)
Net realized (gain) loss on options		(983)		(56,650)
Change in unrealized appreciation (depreciation) on investments and derivatives		17,412,516		(1,931,393)
Unrealized foreign exchange (gain) loss on cash		-		21
Impairment (gain) loss		1,907,968		1,478,901
(Increase) decrease in interest receivable		(388,229)		(753,928)
(Increase) decrease in dividends receivable		108		1,410
Increase (decrease) in management fees and expenses payable		225,806		543,617
Increase (decrease) in organization expenses payable		(1,933)		(5,167)
Purchase of investments		(3,747,357)		(22,824,129)
Proceeds from sale of investments		26,024,384		33,384,772
Net Cash Generated (Used) by Operating Activities		21,431,369		9,312,773
Cash Flows from Financing Activities				
Change in margin cash		11,846		248,467
Distributions to holders of redeemable units, net of reinvested distributions		(8,779,328)		(8,597,203)
Proceeds from redeemable units issued (note 3)		5,156,048		18,930,721
Amount paid on redemption of redeemable units (note 3)		(18,437,451)		(19,532,970)
Net Cash Generated (Used) by Financing Activities		(22,048,885)		(8,950,985)
Net increase (decrease) in cash and cash equivalents		(617,515)		361,788
Unrealized foreign exchange gain (loss) on cash		-		(21)
Cash and cash equivalents - beginning of year		1,541,730		1,179,963
Cash and cash equivalents - end of year		924,215		1,541,730
Cash and cash equivalents comprise:				
Cash at bank	$	924,215	$	9,466
Short-term investments		-		1,532,264
	$	924,215	$	1,541,730
From operating activities:				
Interest received, net of withholding tax	$	1,154,300	$	157,996
Dividends received, net of withholding tax	$	1,878	$	4,333
From financing activities:				
Interest paid	$	275,590	$	-
Distributions paid	$	8,779,328	$	8,597,203

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio
as at December 31, 2024

No. of Units	Description		Average Cost		Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
EQUITIES - COMMON						
United States						
8,000	Altice USA, Inc.		75,304		27,714	-
	Total equities - common		75,304		27,714	-
UNDERLYING FUNDS						
Canada						
1,351,905	Portland Private Income LP Class B		96,598,717		152,815,145	100.5%
	Total underlying funds		96,598,717		152,815,145	100.5%
MORTGAGES						
Canada						
	Private Mortgage Loans (note 5)*		3,095,069		643,385	0.4%
	Total mortgages		3,095,069		643,385	0.4%
	Total investment portfolio		99,769,090		153,486,244	100.9%
DERIVATIVES - OPTIONS						
Call Options						
United States						
USD (50)	Altice USA, Inc., Call 3.5, 1/17/2025		(995)		(1,078)	-
	Total options		(995)		(1,078)	-
	Net Investments		99,768,095		153,485,166	100.9%
	Transaction costs		(12)		-	-
		$	99,768,083		153,485,166	100.9%
	Liabilities less other assets				(1,460,394)	(0.9%)
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$	152,024,772	100.0%

*Reported at amortized cost

1. GENERAL INFORMATION

Portland Private Income Fund (the Fund) is an open-ended investment fund established under the laws of the Province of Ontario as a trust pursuant to an amended and restated master declaration of trust dated as of December 13, 2013, as amended thereafter and as may be amended and restated from time to time. On March 21, 2024, the offering memorandum was amended and restated. The formation date of the Fund was December 17, 2012 and inception date was January 7, 2013. Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Fund. The head office of the Fund is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements were authorized for issue by the Board of Directors of the Manager on June 27, 2025. The financial statements of Portland Private Income LP (the Partnership) are included in Appendix A and are to be read in conjunction with these financial statements.

The Fund offers units to the public on a private placement basis under an offering memorandum. The investment objectives of the Fund are to preserve capital and provide income and above average long-term returns. Although the Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Partnership, the Manager may from time to time determine that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership. The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities.

The statements of financial position of the Fund are as at December 31, 2024 and 2023. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows of the Fund are for the years ended December 31, 2024 and 2023. The schedule of investment portfolio is as at December 31, 2024.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Fund classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at FVTPL. Purchases and sales of financial assets are recognized as at their trade date. The Fund classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Other investment funds (the Partnership) held by the Fund do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Fund's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Fund has classified its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

The Fund's accounting policies for measuring the fair value of its investments are similar to those used in measuring net asset value (NAV) for unitholder transactions; except for items attributable to a difference in the valuation methodology applied under IFRS for trading purposes or differences in the month end NAV and financial statement date. Organization expenses are deductible from the NAV over a five-year period commencing at such time as the Manager shall determine and such expenses were fully deductible in the first year of operations under IFRS. There is a comparison of NAV per unit and net assets attributable to holders of redeemable units per unit within note 12.

Financial assets and liabilities may be 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 may enter 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 set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income (loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income (loss) within 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options' in the statements of comprehensive income (loss).

Amounts receivable or payable with respect to derivative transactions, including premiums of discounts received or paid, are included in the statements of financial position under 'Derivative assets' or 'Derivative liabilities'.

When the Fund writes an option, an amount equal to fair value, which is based on the premium received by the Fund, it is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statements of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when the Fund purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded 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.

Realized gains and losses relating to purchased options may arise from:

i. Expiration of purchased options - realized losses will arise equal to the premium paid;

ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or

iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on options' in the statements of comprehensive income (loss).

Fair value measurement

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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Partnership does not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Partnership as reported by the administrator of the Partnership.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income (loss) represents the stated rate of interest earned by the Fund on income securities including loans and mortgages accounted for on an accrual basis, as applicable. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statements of financial position based on the stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Impairment of financial assets

The Manager estimates the amount of expected credit losses (ECLs) on the Fund's financial assets at amortized cost at each reporting date. The amount of the ECL is deducted from the carrying amount of investments on the statements of financial position. Changes in the ECL from the previous reporting date are included as 'Impairment (gain) loss' on the statements of comprehensive income (loss). Refer to note 5 Credit Risk for information on ECLs.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income (loss). Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options'.

Unrealized exchange gains or losses on investments, including options, are included in 'Change in unrealized appreciation (depreciation) of investments and derivatives' in the statements of comprehensive income (loss).

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Fund considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

Redeemable Units

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series F, and/or Series O (Common Units) and Series AP and Series FP (Preferred Units), which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's NAV attributable to the unit series. Units are redeemable monthly with 60 days' notice. Refer to Note 6 for further details on redeemable units, Common Units and Preferred Units.

The redeemable units are carried at the redemption amount that is payable at the statements of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units of each respective series. Refer to note 6 for additional details on redeemable units.

Expenses

Expenses of the Fund including management fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income (loss).

Organization expenses

Organization expenses including legal fees, time spent by the Manager to create the Fund, and registration fees associated with the formation of the Fund are recoverable from the Fund by the Manager. In 2018, organization expenses were incurred for the issuance of Preferred Units. The Fund is required to re-pay this amount to the Manager over five years commencing January 31, 2019.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income (loss) represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that series during the reporting period.

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Fund will distribute sufficient net income and net realized capital gains to unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

With respect to distributions, the Common Units and Preferred Units are, to a certain extent, comparable to common shares and preferred shares, respectively, of a corporation. The Preferred Units pay or accrue a monthly distribution (which accrues if it is unpaid) equal to the return expressed as an annualized percentage (the Preferred Return) of the Preferred unitholder's subscription price (the Preferred Unit Investment Amount) which will range from the Royal Bank of Canada Prime Rate (the Prime Rate) to no more than the cost of unsecured debt available to the Partnership, as adjusted by the Manager from time to time. The annual distribution rate of the Preferred Units was $0.37 per unit for Series AP and $0.47 per unit for Series FP. The Preferred Return is paid in preference to distributions on the Common Units. The Common Units receive a distribution following the payment of Preferred Return, which is not capped (unlike the Preferred Return). The distribution on the Common Units is variable and may be higher or lower than the distribution on the Preferred Units depending upon the cash flow of the Fund's underlying investments. All distributions are paid after the payment of fund expenses, including interest and principal payments on indebtedness.

During the year ended December 31, 2024, the Fund distributed $16,564,185 to unitholders (December 31, 2023: $17,784,224).

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to each series of common units are charged to that series.

All of the Fund's expenses, income and realized and unrealized gains and losses, including the Preferred Return, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and a return of the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

Collateral

Collateral in the form of cash or cash equivalents provided by the Fund is identified in the statements of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents. Collateral other than cash and cash equivalents is classified in the statements of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Fund includes only the net cash flow impact and does not include non-cash switches between series of the Fund that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. For the year ended December 31, 2024, $167,254 non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows (December 31, 2023: $440,155).

Future accounting changes

There are no new accounting standards effective after January 1, 2024 which affect the accounting policies of the Fund.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most material accounting judgments and estimates the Fund has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Fund would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value of Underlying Funds

The fair value of Underlying Funds (as defined in note 5) that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Fund may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Mortgages and loans

The value of mortgages and loans and respective ECL may include judgment and assumptions based on information provided by the mortgage administrator and industry data. Refer to note 5 Credit Risk for further information on ECLs.

5. FINANCIAL INSTRUMENTS

a) Risk management

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Fund also invests in the Partnership which invests in other funds (the Underlying Funds) and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Funds' manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives and risk tolerance per the Fund's offering memorandum. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments, excluding interest-bearing financial instruments such as mortgages reported at amortized cost, held by the Fund may be susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Fund on December 31, 2024 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Fund would have been higher or lower by $15,284,286 (December 31, 2023: $18,260,126). Actual results may differ from this sensitivity analysis and the difference could be material. The Fund has indirect exposure to price risk through its investment in the Partnership.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund, such as mortgages. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates.

As of December 31, 2024, the Fund held direct mortgages. The Fund generally intends to hold all of these investments to maturity. There is a very limited secondary market and in syndication transactions such as the ones in which the Fund participates, these investments are generally traded at face value without regard to changes in interest rates.

The following is a summary of the carrying value (principal minus allowance for ECL) of the direct mortgages administered by MarshallZehr Group Inc. (Direct Mortgages) segmented by gross interest rate (before deduction of mortgage administration fees) as at December 31, 2024 and 2023:

	0% - 11.99% ($)	12% - 12.99% ($)	13% - 13.99% ($)	14% - 14.99% ($)	15% - 15.99% ($)	Greater than 15.99% ($)	Total ($)
December 31, 2024	643,385	-	-	-	-	-	643,385
December 31, 2023	19,511	-	-	-	1,060,936	3,720,692	4,801,139

The Fund's balances of dividends receivable, interest receivable, subscriptions receivable, receivable for investments sold, expenses payable and payable for investments purchased have no significant exposure to interest rate risk due to their short-term nature.

The Fund also has indirect exposure to interest rate risk through its investment in the Partnership.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. The Fund has indirect exposure to currency risk through its investment in the Partnership.

The following tables below indicate the foreign currency to which the Fund had significant exposure at December 31, 2024 and 2023, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2024	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	1,016	26,636	27,652	102	2,664	2,766
Total	**1,016**	**26,636**	**27,652**	**102**	**2,664**	**2,766**
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-

December 31, 2023	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	10,493	246,385	256,878	1,049	24,639	25,688
Total	**10,493**	**246,385**	**256,878**	**1,049**	**24,639**	**25,688**
% of net assets attributable to holders of redeemable units	-	**0.1%**	**0.1%**	-	-	-

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's exposure to liquidity risk is concentrated in the cash redemption of its units. The Fund provides investors with the right to redeem units monthly upon 60 days' notice in advance of the redemption date. Such redemptions are to be paid within 30 days following the redemption date. Historical experience indicates that shares of the Fund are generally held by unitholders on a medium or long term basis. Based on average historical information from the past three years, monthly redemptions of common units averaged $1,132,204 (December 31, 2023: $793,389), while combined redemptions of common and preferred units averaged $1,362,969 per month; however, actual monthly redemptions could differ significantly. The portfolio receives a constant cash flow from the underlying mortgage portfolio and other investments and the Manager monitors liquidity within the portfolio on a monthly basis. As at December 31, 2024, 0.7% of the portfolio is held in publicly traded securities (December 31, 2023: 2.6%).

The Fund invests in the Partnership and Direct Mortgages, which are not traded in an active market. Although units of the Partnership are redeemable, the portfolio of the Partnership includes mortgages and certain underlying investment funds which may not be redeemable upon demand. As a result, the Fund may not be able to quickly liquidate its investments at amounts which approximate their fair values. The Fund may suspend the redemption of Units or postpone the date of payment of redeemed units (a) for any period when normal trading is suspended on any stock, options, futures or other exchange or market within or outside Canada on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% by value or underlying market exposures of the public securities of the Fund, without allowance for liabilities or (b) at any time that the Manager is unable to value or dispose of the assets of the Fund. In case of a suspension of a right of redemption, a unitholder will receive redemption proceeds based on the NAV per unit on the first Valuation Date (as defined in note 6) following the termination of the suspension unless the redemption request has been withdrawn earlier by the Unitholder.

The Fund invests directly in the Partnership and both the Fund and the Partnership has the ability to borrow up to 25% of the total assets of the Partnership for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies.

The Fund may write cash secured put options in accordance with its investment objectives and strategies. The value of the securities and/or cash required to satisfy the options if they were exercised as at December 31, 2024 and 2023 are presented in the table below.

	Less than 1 month ($)	1 to 3 months ($)	Total ($)
December 31, 2024	(17,500)	-	(17,500)
December 31, 2023	99,000	56,500	155,500

Other obligations of the Fund including management fees payable, service fees payable, expenses payable, redemptions payable, payable for investments purchased, and distributions payable, as applicable, were due within three months from the financial reporting date. Issued redeemable units are payable on demand following 60 days' notice.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

The Fund is exposed to credit risk through its investments in Direct Mortgages. Credit risk is managed by adhering to the investment and operating policies, as set out in the Partnership's offering documents.

The Fund's credit risk management objectives are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles; and
- identify, assess and measure credit risk clearly and accurately across the Fund, from the level of individual mortgages up to the total portfolio.

Mortgages are asset-based lending and the majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees. The portfolio of mortgages is generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable, with lending at 65%-75% of the determined value of the underlying property securing the mortgage. Such risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraiser's valuations and credit checks and financial statement reviews on prospective borrowers.

Such risks are further mitigated by generally considering collateral of the underlying businesses, including property, plant and equipment, inventory and receivables.

Determination of significant changes of credit risk

The Manager compares the risk of a default occurring as at the reporting date with the risk of a default occurring on a financial instrument as at the date of initial recognition using reasonable and supportable information that is available without undue cost. The Manager may assume that the credit risk of a private mortgage loan has not changed significantly if it is determined to have low credit risk at the reporting date. The Manager looks at the following factors to assess whether credit risk has increased (or decreased) since initial recognition:

- Events/delays in construction or intentions that are a significant deviation from planned activities;
- Missed interest and/or principal payments; and
- Material degradation of the financial position of the borrower, including its guarantors.

LTV ratios are updated using forward-looking information whenever it is available via periodic updates from the third party investment manager/ mortgage administrator on the status of projects and collateral underlying the loans. LTC and LTV ratios that exceed 90% and 85%, respectively are viewed as a sign that the mortgage may be put on a watch list for potential changes in credit risk. This will depend on how close a project is to completion (in the case of development/construction projects) and other qualitative factors.

The assessment may include an evaluation of the monitoring steps being taken by the third-party investment manager/mortgage administrator which can be a sign of a change in credit risk. The Fund has recourse under the terms of the private mortgage loans in the event of default by the borrower, in which case the Partnership would have a claim against the underlying property and security.

Expected Credit Losses

At each reporting date, the Manager performs an assessment of credit risk. An impairment is estimated and reflected as a reduction to the carrying amount of the Fund's mortgages and commercial loans reported at amortized cost.

Based on the underlying mortgage, the Manager may use one or more methods in order to estimate an expected credit loss:

(a) The Manager estimates the credit risk using the expected credit loss (ECL) method. ECL is calculated by applying the following formula:

Expected credit loss = Exposure at Default (EAD) x Loss Given Default (LGD) x Probability of Default (PD)

EAD is the estimate of what the outstanding balance will be at the time of default, if the borrower does default, including time to resolve the default. LGD is the unrecovered part of EAD if there is a default requiring recovery of collateral or payments under a guarantee. PD is the probability that a borrower will default prior to the maturity of the loan. The ECL is applied to the portion of the Direct Mortgages where there is no objective evidence of impairment. The ECL or ECL rate, as determined above, is multiplied by the aggregate principal plus accrued interest on loan to reduce the carrying amount. A lifetime ECL may be applied on individual mortgages or loans that show signed of impairment. The lifetime ECL is determined using LTV, information from the third party mortgage administrator or investment manager as well as historical experience in similar situations.

(b) Specific impairment based on objective evidence of an impairment loss such as a significant financial difficulty of the borrowing entity or a breach of contract including non-payment of interest and extensions of maturity date. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the ECL. Loans will be written off when there is no reasonable prospect of recovering any further cash flows from the financial asset.

Credit Quality Analysis

The Direct Mortgage portfolio is grouped into three categories or stages, as described below.

Stage 1 - Performing

There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition.

Stage 2 – Non performing

A particular mortgage moves from Stage 1 to Stage 2 when there is a significant increase in credit risk, as defined above. Typically, the ECL is rateably higher than the ECL on Stage 1 assets to reflect this increase in credit risk.

Stage 3 – Impaired

If the Manager believes that a mortgage or commercial loan is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL. The Fund considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or LTV covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage and commercial loan industry.

For Direct Mortgages in Stage 1, an ECL percentage rate of 0.28% is applied to the total value (principal plus accrued interest) of all mortgages that are in Stage 1. For Direct Mortgages in Stage 2 or Stage 3, the ECL may be determined based on the Manager's best estimate of the ECL and a specific provision is applied.

The following tables present the breakdown of into Stages and the respective ECL as at December 31, 2024 and 2023:

December 31, 2024	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	-	-	-	-
Stage 2	1	1,275,414	(422,614)	33.1%
Stage 3	3	2,964,255	(2,964,255)	100.0%
Total	**4**	**4,239,669**	**(3,386,869)**	

December 31, 2023	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	2	4,147,317	(19,492)	0.5%
Stage 2	-	-	-	-
Stage 3	3	2,877,341	(1,459,409)	51.0%
Total	**5**	**7,024,658**	**(1,478,902)**	

The following is a summary of the Direct Mortgages held by the Fund as at December 31, 2024 and 2023:

December 31, 2024	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	1	643,385	852,800
Second Mortgages	1	-	-
Third Mortgages	2	-	-
Total	**4**	**643,385**	**852,800**

December 31, 2023	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	3	1,055,137	1,312,355
Second Mortgages	1	2,985,571	3,055,470
Third Mortgages	1	1,541,397	1,958,898
Total	**5**	**5,582,105**	**6,326,723**

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at December 31, 2024 and 2023:

	Pre-development ($)	Pre-development/ Construction ($)	Construction ($)	Term ($)	Total ($)
December 31, 2024	-	643,385	-	-	643,385
December 31, 2023	-	2,596,534	-	2,985,571	5,582,105

The following is a summary of the maturity profile of the Direct Mortgages as at December 31, 2024 and 2023:

	12 months or less ($)	13 to 24 months ($)	25 to 36 months ($)	Total ($)
December 31, 2024	643,385	-	-	643,385
December 31, 2023	5,582,105	-	-	5,582,105

During the year ended December 31, 2024, one mortgage loan was written off to bad debt in the amount of $290,030 and was reported on the statements of comprehensive income (loss) under 'Bad debt – mortgages'.

The Fund also has indirect exposure to credit risk through its investment in the Partnership.

b) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2024 and 2023:

	Assets (Liabilities)			
As at December 31, 2024	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Derivative Liabilities	-	(1,078)	-	(1,078)
Underlying Funds - Long	-	152,815,145	-	152,815,145
Equities - Long	27,714	-	-	27,714
Total	**27,714**	**152,814,067**	**-**	**152,841,781**

As at December 31, 2023	Assets (Liabilities) Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Derivative Liabilities	-	(2,430)	-	(2,430)
Underlying Funds - Long	-	181,630,804	-	181,630,804
Equities - Long	248,815	-	-	248,815
Treasury Bills	-	724,067	-	724,067
Total	**248,815**	**182,352,441**	**-**	**182,601,256**

c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in the Partnership to be an investment in an unconsolidated structured entity. The Partnership is valued as per the above section on Fair Value Measurement. The change in fair value of the Partnership is included in the statements of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

The Fund's investment in the Partnership is subject to the terms and conditions of its offering document and is susceptible to market price risk arising from uncertainties about future values. The Partnership units are redeemable.

The exposure to the investment in the Partnership at fair value as at December 31, 2024 and 2023 are presented in the following tables. This investment is included at fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Fund's investment in the Partnership is the fair value below.

December 31, 2024	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	152,815,145	152,815,254	100.0%

December 31, 2023	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	181,630,804	181,631,021	100.0%

6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series F, and/or Series O (Common Units). The Fund is permitted to issue Series AP and Series FP (Preferred Units), limited to equivalent of a maximum of 25% of the total assets of the Partnership after giving effect to borrowing, inclusive of any prime brokerage or other borrowing facility. Additional series may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Fund's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, or on such other date as determined by the Manager (each, a Valuation Date). Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise the redemption will be processed as at the next Valuation Date. If a holder of Common Units redeems his or her units within the first 18 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 5% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. If a holder of Common Units redeems his or her units after 18 months to 36 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 2% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. There are no redemption fees applicable to Preferred Units.

The Fund endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Fund may dispose of investments, or the Partnership may borrow, where necessary, to fund redemptions.

The principal difference between the series of units relates to the distribution policy, management fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. Units of the Fund are entitled to participate in the liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units of the Fund being redeemed, determined at the close of business on the redemption date, as outlined in the offering memorandum.

Preferred Units are issuable and redeemable at the NAV per unit of the applicable series, which is generally $10.00, plus any accrued and unpaid distributions. Common Units are issuable and redeemable at the NAV per unit which is the NAV of the applicable series of Common Units divided by the number of units of the applicable series. The NAV of Common Units is the amount of net assets available after deduction of the NAV and accrued and unpaid distribution attributable to the Preferred Units.

Preferred Units rank ahead of Common Units for payment of distributions and redemptions in the normal course, as well as upon liquidation of the Fund.

The number of units issued and outstanding for the years ended December 31, 2024 and 2023 was as follows:

December 31, 2024	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	25,066	1	818	662	25,223	25,059
Series FP	408,544	4	5,665	283,127	131,086	263,595
Series A	695,259	12,221	28,548	62,652	673,376	694,128
Series F	3,283,586	119,986	155,678	362,277	3,196,973	3,245,070
Series O	102	-	13	-	115	107

December 31, 2023	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	19,394	4,900	772	-	25,066	23,845
Series FP	574,651	3,000	8,657	177,764	408,544	440,655
Series A	638,337	56,809	31,120	31,007	695,259	673,846
Series F	3,157,490	313,462	157,233	344,599	3,283,586	3,305,680
Series O	92	-	10	-	102	97

7. TAXATION

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) (the Tax Act). The Fund calculates taxable and net capital gains/(losses) in accordance with the Tax Act and intends to distribute sufficient net income and net realized capital gains, if any, to ensure it does not pay ordinary income tax. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statements of financial position as a deferred income tax asset.

The taxation year-end of the Fund is December 31.

The Fund has $4,223,419 in capital losses and $nil non-capital loss carry forwards as at December 31, 2024 (December 31, 2023: $2,658,299 capital loss and $nil non-capital loss carry forwards).

8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, all of the Fund's fees and expenses, including distributions of the Preferred Return on Preferred Units, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

The Fund is required to pay management fees to the Manager, calculated and accrued on each valuation date and paid monthly. The annual management fee rate for Series A, Series F, Series AP and Series FP Units is 0.50% of the NAV of the applicable series. Management fees on Series O Units are negotiated and are charged to the investors who hold Series O Units, not the Fund. The Fund is also charged service fees payable to the Manager on Series A and Series AP Units of 1.00% per annum calculated and accrued on each Valuation Date and paid monthly. The Manager distributes the service fees to advisors as a trailing commission.

In addition, the Fund is responsible for, and the Manager is entitled to reimbursement for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the cost of financial reporting, and all related sales taxes. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a markup or administration fee. The Manager may absorb fund operating expenses at its discretion but is under no obligation to do so.

In 2018, organization expenses in the amount of $29,000 (excluding applicable taxes such as GST and/or HST) were incurred for the issuance of Preferred Units. Organization expenses were expensed in full in 2019 on the statements of comprehensive income (loss) and the Fund is required to re-pay this amount to the Manager over five years commencing January 31, 2019.

All management fees, operating expenses and organization expense payable by the Fund to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, service fees and operating expense reimbursements that were paid to the Manager by the Fund during the years ended December 31, 2024 and 2023. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
December 31, 2024	844,814	289,458	474,046	-	1,681
December 31, 2023	989,391	316,178	313,600	5,800	1,550

The Fund owed the following amounts to the Manager excluding the applicable GST and/or HST:

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)
December 31, 2024	374,443	133,865	300,837	-
December 31, 2023	330,743	107,538	168,627	1,933

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. As at December 31, 2024, Related Parties held 466,348 Series F Common Units, 115 Series O Common Units and 8,105 Series FP Preferred Units (December 31, 2023: 432,888 Series F Common Units, 102 Series O Common Units and 7,956 Series FP Preferred Units.)

11. BROKERAGE FACILITY

The Fund has a Settlement Services Agreement with RBC Dominion Securities Inc. (RBCDS), and has placed securities and cash on account with RBCDS as collateral for their option writing strategy and/or borrowing. Cash collateral has been classified separately on the statements of financial position as 'Margin accounts'. In the event of default, including failure to make any payment or delivery to RBCDS, RBCDS may freeze the collateral property and cease the provision of settlement services. In such circumstances, RBCDS had the right to set off the collateral property to reduce or eliminate the amount owed to them. RBCDS also has the right to sell or otherwise dispose of the collateral property held on account for the Fund in order to set off against amounts owing to them from the Fund. The Fund has not had any borrowing to date under this facility.

12. RECONCILATION OF NAV PER UNITS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following table provides a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at December 31, 2023. There were no differences as at December 31, 2024.

December 31, 2023	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series AP Units	10.00	10.00
Series FP Units	10.00	10.00
Series A Units	45.68	44.77
Series F Units	47.69	46.75
Series O Units	44.84	44.00

13. EXEMPTION FROM FILING

The Fund is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

APPENDIX A

Portland Private Income LP

Annual Financial Report

December 31, 2024

▪ PARTNERSHIP INFORMATION

▪ General Partner:	Portland General Partner (Ontario) Inc.
▪ Registered Office:	1375 Kerns Road, Suite 100 Burlington, Ontario L7P 4V7
▪ Investment fund manager and portfolio manager:	Portland Investment Counsel Inc. Burlington, Ontario
▪ Administrator:	CIBC Mellon Global Securities Services Company Toronto, Ontario
▪ Auditor:	KPMG LLP Toronto, Ontario

KPMG LLP
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Canada
Telephone 416 777 8500
Fax 416 777 8818

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Portland Private Income LP

Opinion

We have audited the financial statements of Portland Private Income LP (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Fund commentary document.

Our opinion on the financial statements does not cover the other information and we do not and will 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 and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Fund commentary document as at 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 the auditor's 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 (IFRS) as issued by the International Accounting Standards Board (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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity'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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 27, 2025

Statements of Financial Position

As at December 31,		2024		2023
Assets				
Cash and cash equivalents	$	103,410	$	204,999
Margin accounts (note 11)		50,440,068		34,145,305
Receivable for investments sold		101,992		745,054
Interest receivable		22,105,562		15,557,690
Dividends receivable		467,971		114,410
Investments (note 5)		133,414,402		181,821,141
Investments - pledged as collateral (note 5 and 11)		-		2,031,642
Derivative assets		45,641		1,067,588
		206,679,046		235,687,829
Liabilities				
Borrowing (note 11)		52,445,297		53,558,516
Expenses payable		372,251		472,237
Derivative liabilities		1,046,144		26,055
		53,863,692		54,056,808
Net Assets Attributable to Holders of Redeemable Units	$	152,815,354	$	181,631,021
Equity				
General Partner's Equity		100		100
Net Assets Attributable to Holders of Redeemable Units Per Class				
Class A		109		117
Class B		152,815,145		181,630,804
	$	152,815,254	$	181,630,921
Number of Redeemable Units Outstanding (note 6)				
Class A		1		1
Class B		1,351,905		1,511,277
Net Assets Attributable to Holders of Redeemable Units Per Unit				
Class A	$	108.81	$	117.25
Class B	$	113.04	$	120.18

Approved by the Board of Directors of Portland General Partner (Ontario) Inc.

"Michael Lee-Chin"

Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Loss)

For the years ended December 31,		2024		2023
Income				
Net gain (loss) on investments and derivatives				
Dividends	$	10,447,171	$	11,867,412
Interest for distribution purposes		12,156,159		12,819,738
Net realized gain (loss) on investments		5,677,467		2,722,378
Net realized gain (loss) on options		2,642		36,336
Net realized gain (loss) on forward currency contracts		(1,687,603)		(415,463)
Change in unrealized appreciation (depreciation) on investments and derivatives		(10,020,336)		(5,832,055)
		16,575,500		21,198,346
Other income				
Foreign exchange gain (loss) on cash and other net assets		(4,159,499)		1,299,978
Total income (loss)		12,416,001		22,498,324
Expenses				
Provision for credit losses (note 5)		19,237,223		7,270,889
Interest expense and bank charges (note 9 and 11)		1,855,303		2,781,779
Mortgage administration fees		1,230,833		1,203,229
Bad debt - mortgages (note 5)		574,534		528,489
Audit fees		151,120		128,235
Securityholder reporting costs (note 8)		130,566		182,487
Custodial fees		8,117		6,366
Withholding tax expense		1,255		5,782
Transaction costs		1,232		6,965
Legal fees		487		-
Arrangement fee-Clarien Bank (note 9 and 11)		-		45,245
Total operating expenses		23,190,670		12,159,466
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	(10,774,669)	$	10,338,858
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class				
Class A	$	(8)	$	4
Class B	$	(10,774,661)	$	10,338,854
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit				
Class A	$	(8.28)	$	3.96
Class B	$	(7.46)	$	6.24

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the years ended December 31,	2024	2023
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	$ 117	$ 113
Class B	181,630,804	189,901,032
	181,630,921	189,901,145
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	(8)	4
Class B	(10,774,661)	10,338,854
	(10,774,669)	10,338,858
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	-	-
Class B	-	1,807,476
	-	1,807,476
Redemptions of redeemable units		
Class A	-	-
Class B	(18,040,998)	(20,416,557)
	(18,040,998)	(20,416,557)
Net Increase (Decrease) from Redeemable Unit Transactions	(18,040,998)	(18,609,081)
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	109	117
Class B	152,815,145	181,630,804
	$ 152,815,254	$ 181,630,921

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the years ended December 31,	2024	2023
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ (10,774,669)	$ 10,338,858
Adjustments for:		
Net realized (gain) loss on investments	(5,677,467)	(2,722,378)
Net realized gain (loss) on options	(2,642)	(36,336)
Change in unrealized appreciation (depreciation) on investments and derivatives	10,020,336	5,832,055
Unrealized foreign exchange (gain) loss on cash	(26,745)	21
Impairment (gain) loss	19,237,223	7,270,889
(Increase) decrease in interest receivable	(6,547,872)	(5,419,296)
(Increase) decrease in dividends receivable	(353,561)	(71,700)
Increase (decrease) in expenses payable	(99,986)	103,009
Increase (decrease) in distributions receivable	-	1,040,872
Purchase of investments	(71,937,016)	(50,129,913)
Proceeds from sale of investments	101,483,045	35,844,399
Net Cash Generated (Used) by Operating Activities	35,320,646	2,050,480
Cash Flows from Financing Activities		
Increase (decrease) in borrowing	(1,113,219)	(15,440,188)
Change in cash and cash equivalents - margin accounts	(16,294,763)	31,059,392
Proceeds from redeemable units issued (note 3)	-	2,797,566
Amount paid on redemption of redeemable units (note 3)	(18,040,998)	(20,416,557)
Net Cash Generated (Used) by Financing Activities	(35,448,980)	(1,999,787)
Net increase (decrease) in cash and cash equivalents	(128,334)	50,693
Unrealized foreign exchange gain (loss) on cash	26,745	(21)
Cash and cash equivalents - beginning of year	204,999	154,327
Cash and cash equivalents - end of year	103,410	204,999
Cash and cash equivalents comprise:		
Cash at bank	$ 103,410	$ 204,999
From operating activities:		
Interest received, net of withholding tax	$ 5,608,287	$ 7,400,442
Dividends received, net of withholding tax	$ 10,092,355	$ 11,789,930
From financing activities:		
Interest paid	$ 1,720,446	$ 2,624,259

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio
As at December 31, 2024

No. of Units/ Shares/ Face Value	Description	Average Cost	Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
LOAN PARTICIPATION AGREEMENTS				
Canada				
	Crown Capital Partner Fund, LP - Rokstad Holdings Corporation	$ 2,500,000	$ 244,250	
	Total loan participation agreements	2,500,000	244,250	0.2%
EQUITIES - COMMON				
Canada				
644,400	Crown Capital Partners Inc.	5,510,255	1,089,036	
		5,510,255	1,089,036	0.7%
United States				
500	Warner Bros. Discovery, Inc.	13,420	7,597	
		13,420	7,597	-
	Total equities - common	5,523,675	1,096,633	0.7%
UNDERLYING FUNDS				
Canada				
45,000	Crown Capital Partner Fund, LP (Voting Units)	-	1,858,950	1.2%
7,500	Crown Capital Partner Fund, LP (Non-Voting Units)	-	309,825	0.2%
2,500	Crown Capital Power Limited Partnership (Non-Voting Units)	2,055,121	1,674,600	1.1%
7,500	Crown Capital Power Limited Partnership (Voting Units)	6,165,364	5,023,800	3.3%
700	NSPC-L Investor Trust	8,574,473	10,107,211	6.6%
44,975	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Voting Units)	1,281,800	2,618,007	1.7%
15,447	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Non-Voting Units)	440,603	899,190	0.6%
		18,517,361	22,491,583	14.7%
Cayman Islands				
	Blue MC (Cayman) LLC	7,424,400	15,780,148	10.3%
2,115	Bridge Agency MBS Fund International LP	2,775,145	2,263,410	1.5%
	Bridge Debt Strategies Fund IV International LP	15,335,853	21,499,158	14.1%
		25,535,398	39,542,716	25.9%
Ireland				
2,629	Blue Ocean Fund Class I	344,704	197,508	0.1%
17,488	Blue Ocean Fund Class I-B	2,461,002	6,209,908	4.1%
		2,805,706	6,407,416	4.2%
United Kingdom				
	Incus Capital European Credit Fund IV Feeder LP	1,939,738	2,267,666	1.5%
	Incus Capital European Renewables Credit Fund Feeder LP	874,572	955,677	0.6%
		2,814,310	3,223,343	2.1%
United States				
	Brookfield Infrastructure Fund IV-A, L.P.	19,199,451	23,661,987	15.5%
	Brookfield Infrastructure Fund V-A, L.P.	1,931,319	2,098,703	1.4%
	Parkview Madison 2024, LLC	328,988	346,765	0.2%
	Sagard Senior Lending Partners LP	4,095,559	4,587,157	3.0%
	Parkview Financial US-Cayman Blocker, LLC*	4,677,279	5,089,104	3.3%
		30,232,596	35,783,716	23.4%
	Total underlying funds	79,905,371	107,448,774	70.3%
MORTGAGES				
Canada				
	Private Mortgage Loans (note 5)*	59,871,180	24,624,745	16.1%
	Total mortgages	59,871,180	24,624,745	16.1%
	Total investment portfolio	147,800,226	133,414,402	87.3%
FORWARD CURRENCY CONTRACTS (Schedule 1)				
	Total unrealized loss on forward currency contracts	-	(1,046,144)	(0.7%)
	Total unrealized gain on forward currency contracts	-	45,641	-
	Net Investments	147,800,226	132,413,899	86.6%
	Transaction costs	(463)	-	-
		$ 147,799,763	132,413,899	86.6%
	Other assets less liabilities		20,401,455	13.4%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEEMABLE UNITS		$ 152,815,354	100.0%

Schedule of Investment Portfolio (continued)

As at December 31, 2024

Schedule 1

	Purchased Currency				Sold Currency			
Contract Price	Settlement Date	Currency	Amount ($)	Value as at December 31, 2024 ($)	Currency	Amount ($)	Value as at December 31, 2024 ($)	Unrealized gain (loss) ($)
0.659891778	2025-01-09	Canadian Dollar	2,121,560	2,121,560	Euro	1,400,000	2,084,611	36,949
0.669146971	2025-01-09	Canadian Dollar	2,391,104	2,391,104	Euro	1,600,000	2,382,412	8,692
							Unrealized gain	45,641
0.723301146	2025-01-09	Canadian Dollar	10,369,125	10,369,125	United States Dollar	7,500,000	10,778,402	(409,277)
0.712453183	2025-01-09	Canadian Dollar	26,668,419	26,668,419	United States Dollar	19,000,000	27,305,286	(636,867)
							Unrealized loss	(1,046,144)

* Reported at amortized cost

1. GENERAL INFORMATION

Portland Private Income LP (the Partnership) is a limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated as of December 17, 2012, as amended thereafter and as may be amended and restated from time to time. On March 21, 2024, the offering memorandum was amended and restated. The inception date of the Partnership was January 7, 2013. Pursuant to the partnership agreement, Portland General Partner (Ontario) Inc. (the General Partner) is responsible for the management of the Partnership. The General Partner has engaged Portland Investment Counsel Inc. (the Manager) to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the units of the Partnership. The head office of the Partnership is 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7. These financial statements were authorized for issue by the General Partner on June 27, 2025.

The Partnership was established as an investment vehicle for Portland Private Income Fund (the Fund). Both the Partnership and the Fund are managed by the Manager.

The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities. To achieve the investment objective, the Manager may invest in a portfolio of private income generating securities, either directly or indirectly through other funds, consisting of:

- private mortgages, administered by licensed mortgage administrators;
- private commercial debts, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur;
- other debt securities, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur; and
- invest in complementary income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt.

To a lesser extent, derivatives may also be used on an opportunistic basis in order to meet the Partnership's investment objective. Derivatives may limit or hedge potential losses associated with currencies, specific securities, stock markets and interest rates or are used to generate income. Derivatives may include forward currency agreements and options.

In addition, the Partnership may borrow up to 25% of the total assets of the Partnership after giving effect to the borrowing.

The Partnership may invest in investment funds, private equity, exchange-traded funds and mutual funds (collectively Underlying Funds) which may or may not be managed by the Manager or one of its affiliates or associates. The Partnership may hold cash in short-term debt instruments, money market funds or similar temporary instruments, pending full investment of the Partnership's capital and at any time deemed appropriate by the Manager.

The Partnership has no geographic, industry sector, asset class or market capitalization restrictions. There is no restriction on the percentage of the net asset value of the Partnership which may be invested in the securities of a single issuer.

The statements of financial position of the Partnership are as at December 31, 2024 and 2023. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows of the Partnership are for the years ended December 31, 2024 and 2023. The schedule of investment portfolio is as at December 31, 2024.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards (IFRS), as published by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Partnership classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Partnership may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Partnership recognizes financial instruments at FVTPL upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value. Purchases and sales of financial assets are recognized as at their trade date. The Partnership classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Mortgage loans have been classified as amortized cost. Other Underlying Funds held by the Partnership do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Partnership's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Partnership has elected to classify its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

Financial assets and liabilities may be 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 Partnership may enter 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 set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Partnership commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income (loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income (loss) within 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Partnership has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options' in the statements of comprehensive income (loss).

Amounts receivable or payable with respect to derivative transactions, including premiums of discounts received or paid, are included in the statements of financial position under 'Derivative assets' or 'Derivative liabilities'.

When the Partnership writes an option, an amount equal to fair value, which is based on the premium received by the Partnership, it is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statements of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when the Partnership purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded 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.

Realized gains and losses relating to purchased options may arise from:

i. Expiration of purchased options - realized losses will arise equal to the premium paid;

ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or

iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on options' in the statements of comprehensive income (loss).

Fair value measurement

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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Underlying Funds do not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Underlying Fund as reported by the administrator of the Underlying Fund.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income (loss) represents the stated rate of interest earned by the Partnership on income securities including loans and mortgages accounted for on an accrual basis, as applicable. The Partnership does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statements of financial position based on the stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Impairment of financial assets

The Manager estimates the amount of expected credit losses (ECLs) on the Partnership's financial assets at amortized cost at each reporting date. The amount of the ECL is deducted from the carrying amount of investments on the statements of financial position. Changes in the ECL from the previous reporting date are included as 'Impairment (gain) loss' on the statements of comprehensive income (loss). Refer to note 5 Credit Risk for information on ECLs.

Foreign currency translation

The Partnership's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income (loss). Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options'. Realized foreign exchange gains and losses related to forward currency contracts are recognized when incurred and are presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on forward currency contracts'. Unrealized exchange gains or losses on investments, including options and forward currency contracts are included in 'Change in unrealized appreciation (depreciation) of investments and derivatives' in the statements of comprehensive income (loss).

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Partnership considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

Redeemable Units

The Partnership has issued multiple classes of redeemable units, which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Partnership at any redemption date for cash equal to a proportionate share of the Partnership's NAV attributable to the unit class. Units are redeemable monthly with 60 days' notice.

The redeemable units are carried at the redemption amount that is payable at the statements of financial position date if the holder exercises the right to put the units back to the Partnership.

Redeemable units are issued and redeemed at the holder's option at prices based on the Partnership's NAV per unit at the time of issue or redemption. The Partnership's NAV per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units of each respective class. Refer to note 6 for additional details on redeemable units.

Expenses

Expenses of the Partnership including operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income (loss).

Interest expense and applicable non-utilization fees associated with borrowing are recorded on an accrual basis.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income (loss) represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class, divided by the weighted average units outstanding of that class during the reporting period.

Loan origination fees

The Partnership may pay fees to a lender at the time of negotiating borrowing facilities (see note 9). Such origination fees are due at the time the borrowing facility becomes legally binding, which is generally when both the borrower and the lender have signed the agreement. Such fees are expensed when paid and may be included as 'Arrangement fee-Clarien Bank' on the statements of comprehensive income (loss).

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. All distributions by the Partnership will be paid in cash.

Allocation of income and expense, and realized and unrealized gains and losses

Fees and other costs directly attributable to a class are charged to that class. The Partnership's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each class of Units based upon the relative NAV of each class.

Collateral

Collateral in the form of cash or cash equivalents provided by the Partnership is identified in the statements of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents. Collateral other than cash and cash equivalents is classified in the statements of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Partnership includes only the net cash flow impact and does not include non-cash switches between classes of the Partnership that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. There were no non-cash switches excluded from the Partnership's operation and financing activities on the statements of cash flows for the years ended December 31, 2024 and 2023.

Future accounting changes

There are no new accounting standards effective after January 1, 2024 which affect the accounting policies of the Partnership.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most material accounting judgments and estimates the Partnership has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Partnership using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Partnership would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Partnership may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Partnership. The Partnership considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value of Underlying Funds

The fair value of Underlying Funds that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Partnership may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Mortgages and loans

The value of mortgages and loans and respective ECL may include judgment and assumptions based on information provided by the mortgage administrator and industry data. Refer to note 5 Credit Risk for further information on ECLs.

5. FINANCIAL INSTRUMENTS

a) Offsetting of Financial Assets and Financial Liabilities

The Partnership has a master netting or similar arrangements in place with a counterparty for borrowing and the execution of forward currency contracts. This means that in the event of default or bankruptcy, the Partnership may set off the assets held with the counterparty against the liabilities it owes to the same counterparty. The contracts in place under these arrangements that settle on the same date have been offset and presented in the statements of financial position of the Partnership and the table below, where there is a legally enforceable right and an intention to settle the contracts on a net basis. There is no collateral associated with these arrangements. The following table presents the gross amount of recognized financial assets and liabilities of the Partnership that are offset under master netting or similar arrangements as at December 31, 2024 and 2023:

	December 31, 2024 ($)	December 31, 2023 ($)
Gross Derivatives		
Gross Derivative Assets	45,641	1,067,588
Gross Derivative Liabilities	(1,046,144)	(21,444)
Net Exposure	(1,000,503)	1,046,144
Gross Borrowing		
Gross Borrowing	(49,427,784)	(53,558,516)
Cash	43,712,177	15,077,447
Short Term Investments	6,727,891	37,184,422
Net Exposure	1,012,284	(1,296,646)

b) Risk management

The Partnership's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk, credit risk and leverage risk. The Partnership invests in other funds and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Fund's manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Partnership is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Partnership's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Partnership's investment objectives and risk tolerance per the Partnership's offering documents. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments, excluding interest-bearing financial instruments such as mortgages, commercial loans and bonds reported at amortized cost held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Partnership on December 31, 2024 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $10,370,055 (December 31, 2023: $13,970,737). Actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Partnership, such as mortgages and commercial loans and bonds. The fair value and future cash flows of such instruments held by the Partnership will fluctuate due to changes in market interest rates.

This risk is managed by investing in short-term mortgages and commercial loans. As a result, the credit characteristics of these investments will evolve such that in periods of higher market interest rates, there will be those with narrower credit spreads, and vice versa in periods of lower market interest rates, compared to other benchmark rates.

As of December 31, 2024 and 2023, the Partnership held direct mortgages and commercial loans. The Partnership generally intends to hold all of these investments to maturity. There is a very limited secondary market and in syndication transactions such as the ones in which the Partnership participates, these investments are generally traded at face value without regard to changes in interest rates.

The following is a summary of the carrying value (principal minus allowance for ECL) of the direct mortgages administered by MarshallZehr Group Inc. (Direct Mortgages) segmented by gross interest rate (before deduction of mortgage administration fees) as at December 31, 2024 and 2023:

	0% - 11.99% ($)	12% - 12.99% ($)	13% - 13.99% ($)	14% - 14.99% ($)	15% - 15.99% ($)	Greater than 15.99% ($)	Total ($)
December 31, 2024	21,520,974	-	398,868	-	-	2,767,937	24,687,779
December 31, 2023	20,942,985	7,887,091	-	8,330,910	-	524,893	37,685,879

The Partnership has invested in Bridge Agency MBS Fund International LP (Bridge AMBS) which invests in a diversified portfolio of residential mortgage-backed securities which are backed by U.S. government sponsored entities and other related securities. Bridge AMBS is subject to interest rate risk but its intention is to hedge interest rate risk by using various derivative instruments and hedging of cash. As at December 31, 2024, the value of Bridge AMBS and the maximum exposure to interest rate risk is $2,263,410 (December 31, 2023: $2,031,280).

The Partnership has committed to invest US$15,000,000 in Bridge Debt Strategies Fund IV International LP (Bridge Debt IV) which invests in a diversified portfolio of commercial real-estate debt and certain related investments related to or secured by income-producing multifamily, commercial office, seniors housing and select other real estate assets in the United States. Bridge Debt IV is subject to interest rate risk but its intention is to hedge interest rate risk by using various derivative instruments and hedging of cash. As at December 31, 2024, US$14,804,902 (December 31, 2023: US$14,804,902) was paid towards this commitment and US$195,098 remains outstanding (December 31, 2023: US$195,098). The value of Bridge Debt IV and the maximum exposure to interest rate risk is $21,499,158 (December 31, 2023: $19,763,830).

The Partnership has invested US$3,600,000 in Parkview Financial US–Cayman Blocker, LLC (Parkview Financial) which invests in real estate development companies in the form of construction and commercial loans. As of December 31, 2024, Parkview Financial is subject to interest rate risk on the underlying loans of its portfolio. The value of Parkview Financial and the maximum exposure to interest rate risk is $5,089,104 (December 31, 2023: $4,746,810).

The Partnership has committed to invest US$7,000,000 in NSPC-L Investor Trust (Northleaf Private Credit), an open-end private credit fund that seeks to build a diversified portfolio of senior secured private credit investments focused on mid-market, primarily private equity-backed, companies. Northleaf Private Credit is subject to interest rate risk on the underlying loans of its portfolio. As at December 31, 2024, the full US$7,000,000 was paid towards this commitment. The value of Northleaf Private Credit and the maximum exposure to interest rate risk is $10,107,211 (December 31, 2023: $9,471,699).

The Partnership has invested US$243,650 in Parkview Madison 2024, LLC (Parkview Madison) which is an equity property and is subject to interest rate risk due to the underlying mortgage portfolio. As at December 31, 2024, the value of Parkview Madison and the maximum exposure to interest rate risk is $346,765.

The Partnership has indirect exposure to interest rate risk in commercial loans through its investments in Crown Capital Partner Fund, LP (Crown Partner Funding), Blue Ocean Fund Class I and Blue Ocean Fund Class I-B (collectively referred to as Blue Ocean), Blue MC (Cayman) LLC (Blue MC), Incus Capital European Credit Fund IV Feeder (Incus Credit Fund IV), Incus Capital European Renewables Credit Fund Feeder LP (Incus Renewables Credit Fund LP) and Sagard Senior Lending Partners LP (Sagard Lending LP).

The Partnership has exposure to interest rate risk due to its borrowings as described in note 11. If interest rates had doubled during the year ended December 31, 2024, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by $1,665,355 (December 31, 2023: $2,605,362).

The Partnership's balances of dividends receivable, interest receivable, subscriptions receivable, receivable for investments sold, expenses payable and payable for investments purchased have no significant exposure to interest rate risk due to their short-term nature.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Partnership may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

The use of currency risk mitigation strategies such as forward currency contracts involves special risks including the possible default by the counterparty to the transaction, illiquidity and to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of such strategies could result in losses greater than if the strategy had not been used. The forward currency contracts may have the effect of limiting or reducing the total returns of the Partnership if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with the forward currency contracts may outweigh the benefits of the arrangements in some circumstances.

The Manager may from time to time, at its sole discretion, enter into forward currency contracts in relation to all or a portion of the value of the Partnership's non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the Partnership's portfolio back, directly or indirectly, to the Canadian dollar. Forward currency contract amounts are based on a combination of trading currency of the Partnership's holdings and an estimate of the currency to which their operations are exposed.

The tables below indicate the foreign currencies to which the Partnership had significant exposure at December 31, 2024 and 2023 in Canadian dollar terms, net of the notional amounts of forward currency contracts. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

	Exposure			Impact on net assets attributable to holders of redeemable units		
December 31, 2024	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
Euro	(4,467,023)	3,223,343	(1,243,680)	(446,702)	322,334	(124,368)
United States Dollar	(86,746,403)	88,899,741	2,153,338	(8,674,640)	8,889,974	215,334
Total	**(91,213,426)**	**92,123,084**	**909,658**	**(9,121,342)**	**9,212,308**	**90,966**
% of net assets attributable to holders of redeemable units	**(59.7%)**	**60.3%**	**0.6%**	**(6.0%)**	**6.0%**	**-**

	Exposure			Impact on net assets attributable to holders of redeemable units		
December 31, 2023	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
Euro	(2,879,338)	2,878,260	(1,078)	(287,934)	287,826	(108)
United States Dollar	(93,496,454)	94,095,832	599,378	(9,349,645)	9,409,583	59,938
Total	**(96,375,792)**	**96,974,092**	**598,300**	**(9,637,579)**	**9,697,409**	**59,830**
% of net assets attributable to holders of redeemable units	**(53.1%)**	**53.4%**	**0.3%**	**(5.3%)**	**5.3%**	**-**

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting their obligations associated with financial liabilities. The Partnership is exposed to monthly cash redemptions and may borrow on margin to invest or settle redemptions. The Manager monitors the Partnership's liquidity position on an ongoing basis.

The Partnership's investments in Direct Mortgages, commercial loans and Underlying Funds are not traded in an active market and may not be redeemable. As a result, the Partnership may not be able to quickly liquidate its investments in these instruments at amounts, which approximate their fair values. In order to maintain liquidity, the Partnership may invest in complementary, more liquid, income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt. The Partnership has the ability to borrow for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies. The borrowing facilities may be payable upon demand, as described in note 9.

The Partnership has committed amounts to Underlying Funds, as described in note 12. All other payables are due within three-months from the financial reporting date. Issued redeemable units and borrowings are payable on demand following 60 days' notice.

The Partnership may write cash secured put options in accordance with its investment objectives and strategies. The value of the securities and/or cash required to satisfy the options if they were exercised as at December 31, 2024 and 2023 are presented in the table below.

	Less than 1 month ($)	1 to 3 months ($)	Total ($)
December 31, 2024	-	-	-
December 31, 2023	316,000	10,000	326,000

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership. The Partnership is exposed to credit risk through its investments in Direct Mortgages, indirect mortgages and direct and indirect commercial loans. Credit risk is managed by adhering to the investment and operating policies, as set out in the Partnership's offering documents.

The Partnership's credit risk management objectives are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles; and
- identify, assess and measure credit risk clearly and accurately across the Partnership, from the level of individual mortgages or commercial loans up to the total portfolio.

Mortgages are asset-based lending and the majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees. The portfolio of mortgages is generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable, with lending at 65%-75% of the determined value of the underlying property securing the mortgage. Such risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraiser's valuations and credit checks and financial statement reviews on prospective borrowers.

Commercial loans are primarily cash-flow lending to independent, mid-market companies with a value proposition including robust legal structures and equity cushions; and

- the majority of the loans are expected to be senior secured lending, diversified across geographies and industry sectors;
- apart from the Maritime sector, focused on less cyclical sectors; and
- targeting individual borrower concentrations to be less than 3% of the Partnership's portfolio with earnings before interest, taxes, depreciation and amortization (EBITDA) in the range of $10 million to $150 million.

Such risks are further mitigated by generally considering collateral of the underlying businesses, including property, plant and equipment, inventory and receivables.

Determination of significant changes of credit risk

The Manager compares the risk of a default occurring as at the reporting date with the risk of a default occurring on a financial instrument as at the date of initial recognition using reasonable and supportable information that is available without undue cost. The Manager may assume that the credit risk of a private mortgage loan has not changed significantly if it is determined to have low credit risk at the reporting date. The Manager looks at the following factors to assess whether credit risk has increased (or decreased) since initial recognition:

- Events/delays in construction or intentions that are a significant deviation from planned activities;
- Missed interest and/or principal payments; and
- Material degradation of the financial position of the borrower, including its guarantors.

LTV ratios are updated using forward-looking information whenever it is available via periodic updates from the third party investment manager/ mortgage administrator on the status of projects and collateral underlying the loans. LTC and LTV ratios that exceed 90% and 85%, respectively are viewed as a sign that the mortgage may be put on a watch list for potential changes in credit risk. This will depend on how close a project is to completion (in the case of development/construction projects) and other qualitative factors.

The assessment may include an evaluation of the monitoring steps being taken by the third party investment manager/mortgage administrator which can be a sign of a change in credit risk. The Partnership has recourse under the terms of the private mortgage loans in the event of default by the borrower, in which case the Partnership would have a claim against the underlying property and security.

Expected Credit Losses

At each reporting date, the Manager performs an assessment of credit risk. An impairment is estimated and reflected as a reduction to the carrying amount of the Partnership's mortgages and commercial loans reported at amortized cost.

Based on the underlying mortgage or commercial loan, the Manager may use one or more methods in order to estimate an expected credit loss:

(a) The Manager estimates the credit risk using the expected credit loss (ECL) method. ECL is calculated by applying the following formula:

Expected credit loss = Exposure at Default (EAD) x Loss Given Default (LGD) x Probability of Default (PD)

EAD is the estimate of what the outstanding balance will be at the time of default, if the borrower does default, including time to resolve the default. LGD is the unrecovered part of EAD if there is a default requiring recovery of collateral or payments under a guarantee. PD is the probability that a borrower will default prior to the maturity of the loan. The ECL is applied to the portion of the Loan Portfolio where there is no objective evidence of impairment. The ECL or ECL rate, as determined above, is multiplied by the aggregate principal plus accrued interest on loan to reduce the carrying amount. A lifetime ECL may be applied on individual mortgages or loans that show signed of impairment. The lifetime ECL is determined using LTV, information from the third party mortgage administrator or investment manager as well as historical experience in similar situations.

(b) Specific impairment based on objective evidence of an impairment loss such as a significant financial difficulty of the borrowing entity or a breach of contract including non-payment of interest and extensions of maturity date. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the ECL. Loans will be written off when there is no reasonable prospect of recovering any further cash flows from the financial asset.

Credit Quality Analysis

The Loan Portfolio is grouped into three categories or stages, as described below.

Stage 1 - Performing

There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition.

Stage 2 – Non performing

A particular mortgage moves from Stage 1 to Stage 2 when there is a significant increase in credit risk, as defined above. Typically, the ECL is rateably higher than the ECL on Stage 1 assets to reflect this increase in credit risk.

Stage 3 – Impaired

If the Manager believes that a mortgage or commercial loan is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL. The Partnership considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or LTV covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage and commercial loan industry.

As at December 31, 2024, an ECL percentage rate of 1.33% is applied to the total carrying value of Parkview Financial Stage 1 loans (December 31, 2023: 0.48%). The carrying value of principal and accrued interest of Parkview Financial is $5,157,703, with an ECL of $68,599 (December 31, 2023: carrying value of $4,644,380 and ECL of $23,369). During the year ended December 31, 2024, the commercial loan in MDT was repaid (December 31, 2023: 1.13% ECL). As at December 31, 2023, the carrying value of principal and accrued interest of MDT is $1,727,643, with an ECL of $19,522.

For Direct Mortgages in Stage 1, an ECL percentage rate of 0.28% is applied to the total carrying value of all mortgages that are in Stage 1 (December 31, 2023: 0.47%). For Direct Mortgages in Stage 2 or Stage 3, the ECL is determined based on the Manager's best estimate of the ECL and a specific provision is applied.

The following tables present the breakdown into Stages and the respective ECL as at December 31, 2024 and 2023:

December 31, 2024	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	3	852,135	(2,386)	0.3%
Stage 2	2	3,043,398	(195,045)	6.4%
Stage 3	16	77,656,459	(35,049,003)	45.1%
Total	**21**	**81,551,992**	**(35,246,435)**	

December 31, 2023	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	5	13,374,625	(62,861)	0.5%
Stage 2	3	819,128	(75,121)	9.2%
Stage 3	15	54,512,904	(15,896,939)	29.2%
Total	**23**	**68,706,657**	**(16,034,921)**	

The following is a summary of the Direct Mortgages held by the Partnership as at December 31, 2024 and 2023:

December 31, 2024	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	14	18,846,952	39,492,760
Second Mortgages	6	5,840,827	6,812,798
Third Mortgages	1	-	-
Total	**23**	**24,687,779**	**46,305,558**

December 31, 2023	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	19	32,264,178	47,046,874
Second Mortgages	4	5,421,701	5,620,342
Third Mortgages	-	-	-
Total	**23**	**37,685,879**	**52,667,216**

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at December 31, 2024 and 2023:

	Pre-development ($)	Pre-development/ Construction ($)	Construction ($)	Term ($)	Total ($)
December 31, 2024	892,217	16,214,566	8,815,171	(1,234,176)	24,687,779
December 31, 2023	1,282,878	16,070,371	19,282,065	1,050,565	37,685,879

The following is a summary of the maturity profile of the Direct Mortgages as at December 31, 2024 and 2023:

	12 months or less ($)	13 to 24 months ($)	25 to 36 months ($)	Total ($)
December 31, 2024	24,194,430	-	493,349	24,687,779
December 31, 2023	35,919,144	1,766,735	-	37,685,879

During the year ended December 31, 2024, an adjustment of $4,519 was recognized in relation to a bad debt previously written off in 2023, following the receipt of income. Additionally, one mortgage loan was written off as a bad debt in the amount of $570,015. Both items are presented under 'Bad debt – mortgages' in the statements of comprehensive income (loss).

The Partnership has indirect exposure to credit risk through its investments in Bridge AMBS, Bridge Debt IV, Northleaf Private Credit, Incus Credit Fund IV, Incus Renewables Credit Fund LP, Sagard Senior Lending Partners and Parkview Madison. As at December 31, 2024, the value of Bridge AMBS and the maximum exposure to credit risk is $2,263,410 (December 31, 2023: $2,031,280). As at December 31, 2024, the value of Bridge Debt IV and the maximum exposure to credit risk is $21,499,158 (December 31, 2023: $19,763,830). As at December 31, 2024, the value of Northleaf Private Credit and the maximum exposure to credit risk is $10,107,211 (December 31, 2023: $9,471,699). As at December 31, 2024, the value of Incus Credit Fund IV and the maximum exposure to credit risk is $2,267,666 (December 31, 2023: $1,944,728). As December 31, 2024, the value of Incus Renewables Credit Fund LP and the maximum exposure to credit risk is $955,677 (December 31, 2023: $933,532). As at December 31, 2024, the value of Sagard Senior Lending Partners LP and the maximum exposure to credit risk is $4,587,157 (December 31, 2023: $3,022,472). As at December 31, 2024, the value of Parkview Madison and the maximum exposure to credit risk is $346,765.

The Partnership has indirect exposure to credit risk on commercial loans through its investments in Crown Partner Funding, Blue Ocean and Blue MC. As at December 31, 2024, the value of Crown Partner Funding and the maximum exposure to credit risk is $6,698,400 (December 31, 2023: $11,415,600). As at December 31, 2024, the value of Blue Ocean and the maximum exposure to credit risk is $6,407,416 (December 31, 2023: $7,597,648). As at December 31, 2024, the value of Blue MC and the maximum exposure to credit risk is $15,780,148 (December 31, 2023: $17,511,893).

The Partnership has exposure to credit risk through its investment in Rokstad, which is reported at FVTPL.

The Partnership is also exposed to credit risk from investments in forward currency contracts. The Partnership limits its exposure to credit losses on forward currency contracts by ensuring there are netting arrangements with each counterparty to the forward currency contracts, such that any gains (amounts owing to the Partnership) on individual contracts can be set off against any losses (amounts owing to the counterparty) even in the event of default or bankruptcy. The maximum exposure to credit risk from these contracts is equivalent to the fair value of forward currency contracts that are in a net unrealized gain position as of the reporting date as outlined in the tables below including the effect of master netting or similar arrangements in place with all counterparties. The following tables outline the exposure and credit rating of each counterparty in an unrealized gain position as of the date of the statements of financial position.

December 31, 2024	Net Unrealized Gain ($)	Credit Rating
CIBC World Markets Inc.	45,641	Standard & Poor's A-1

December 31, 2023	Net Unrealized Gain ($)	Credit Rating
CIBC World Markets Inc.	1,067,588	Standard & Poor's A-1

Leverage Risk

The Partnership uses leverage as part of its investment strategy and is therefore subject to leverage risk. The Partnership may generally borrow up to 25% of its total assets. The Partnership pledges securities as collateral and is able to borrow up to limits imposed by the lender it has pledged the collateral to. The amount of borrowing allowed by the lender depends on the nature of securities pledged. The Partnership pays interest on the amounts borrowed, which accrues daily and is payable monthly. When the Partnership 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 Partnership. Leverage occurs when the Partnership borrows to invest or when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the Partnership's investments, or of the underlying assets, rate or index to which the Partnership's investments relate, may amplify losses compared to those that would have been incurred if the Fund had not borrowed to invest or if the underlying asset had been directly held by the Partnership. This may result in losses greater than if the Partnership had not borrowed to invest, or, in the case of derivatives, losses greater than the amount invested in the derivative itself.

As of December 31, 2024, the amount borrowed was $52,445,297 (December 31, 2023: $53,558,516) and borrowing net of cash and cash equivalents and treasury bills of 1.3% of the total assets of the Partnership (December 31, 2023: 0.7%) and 2.3% of the total assets of the Partnership including Preferred Units (December 31, 2023: 3.0%). Interest expense incurred on amounts borrowed for the year ended December 31, 2024 was $1,665,355 (December 31, 2023: $2,781,779).

c) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrate the classification of the Partnership's financial instruments within the fair value hierarchy as at December 31, 2024 and 2023:

		Assets (Liabilities)		
December 31, 2024	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Derivative Assets	-	45,641	-	45,641
Derivative Liabilities	-	(1,046,144)	-	(1,046,144)
Loans	-	-	244,250	244,250
Underlying Funds - Long	-	11,130,585	91,229,085	102,359,670
Equities - Long	7,597	1,089,036	-	1,096,633
Total	**7,597**	**11,219,118**	**91,473,335**	**102,700,050**

December 31, 2023	Level 1 ($)	Assets (Liabilities) Level 2 ($)	Level 3 ($)	Total ($)
Derivative Assets	-	1,067,588	-	1,067,588
Derivative Liabilities	-	(26,055)	-	(26,055)
Loans	-	-	2,500,000	2,500,000
Underlying Funds - Long	-	28,538,798	85,815,387	114,354,185
Equities - Long	1,143,639	3,597,585	-	4,741,224
Treasury Bills	-	18,116,564	-	18,116,564
Total	**1,143,639**	**51,294,480**	**88,315,387**	**140,753,506**

The Partnership held units of Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP), Blue Ocean, Brookfield Infrastructure Fund IV-A, L.P. (BIF IV), Brookfield Infrastructure Fund V-A, L.P. (BIF V), Rokstad, Bridge Debt IV, Blue MC, Northleaf Private Credit, Incus Credit Fund IV, Incus Renewables Credit Fund LP and Sagard Lending LP which are considered to be Level 3 investments. During 2024, the Partnership invested in Parkview Madison which is also considered to be a Level 3 investment. Details of these investments are noted below.

Portland GEEREF LP is a closed-end investment fund. Portland GEEREF LP has the same Manager and administrator as the Partnership. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution except in very limited circumstances. The Partnership measures Portland GEEREF LP units at the most recently published NAV per unit as reported by its administrator, considering restrictions on the Partnership's ability to redeem units of Portland GEEREF LP. If the NAV per unit of Portland GEEREF LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $351,720 as at December 31, 2024 (December 31, 2023: $353,867).

Blue Ocean is a closed-ended sub-fund of EnTrustPermal ICAV, an umbrella Irish Collective Asset-Management Vehicle with segregated liability between sub-funds. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue Ocean at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue Ocean. If the NAV per unit of Blue Ocean had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $640,742 as at December 31, 2024 (December 31, 2023: $759,765).

BIF IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures BIF IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of BIF IV. If the NAV per unit of BIF IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $2,366,199 as at December 31, 2024 (December 31, 2023: $2,053,234).

BIF V is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures BIF V at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of BIF V. If the NAV per unit of BIF V had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $209,870 as at December 31, 2024 (December 31, 2023: $149,858).

In 2019, the Partnership participated in a co-investment opportunity with Crown Partner Funding in a loan participation agreement with Rokstad in the amount of $2,500,000. This investment is considered Level 3 in the fair value hierarchy because it is valued using a fair valuation technique to determine value of the loan participation agreement. If the value of Rokstad had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $24,425 as at December 31, 2024 (December 31, 2023: $250,000).

Bridge Debt IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Bridge Debt IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Bridge Debt IV. If the NAV per unit of Bridge Debt IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $2,149,916 as at December 31, 2024 (December 31, 2023: $1,976,383).

Blue MC is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue MC at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue MC. If the NAV per unit of Blue MC had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,578,015 as December 31, 2024 (December 31, 2023: $1,751,189).

Northleaf Private Credit is an open-ended private credit fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions until three years following capital contribution date. The Partnership's three year lockup period ended in January 2025. The Partnership measures Northleaf Private Credit at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Northleaf Private Credit. If the NAV per unit of Northleaf Private Credit had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,010,721 as at December 31, 2024 (December 31, 2023: $947,170).

Incus Credit Fund IV is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Incus Credit Fund IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Incus Credit Fund IV. If the NAV per unit of Incus Credit Fund IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $226,767 as at December 31, 2024 (December 31, 2023: $194,473).

Incus Renewables Credit Fund LP is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Incus Renewables Credit Fund LP at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Incus Renewables Credit Fund LP. If the NAV per unit of Incus Renewables Credit Fund LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $95,568 as at December 31, 2024 (December 31, 2023: $93,353).

Sagard Lending LP is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Sagard Lending LP at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Sagard Lending LP. If the NAV per unit of Sagard Lending LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $458,716 as at December 31, 2024 (December 31, 2023: $302,247).

Parkview Madison is a private equity investment. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Parkview Madison using valuation techniques based on the latest available reporting provided by the company, considering the Partnership's inability to redeem units of Parkview Madison. If the fair value of Parkview Madison had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $34,677 as at December 31, 2024.

Reconciliation of Level 3 Fair Value Measurement of Financial Instruments

The following tables reconcile the Partnership's Level 3 fair value measurement of financial instruments for the years ended December 31, 2024 and 2023.

December 31, 2024	Investment Funds ($)	Loans ($)	Total ($)
Balance, Beginning of Period	85,815,387	2,500,000	88,315,387
Investment purchases during the period*	4,223,221	-	4,223,221
Proceeds from sales during the period*	(6,276,882)	-	(6,276,882)
Net realized gain (loss) on sale of investments	1,666,762	-	1,666,762
Change in unrealized appreciation (depreciation) in value of investments	5,800,597	(2,255,750)	3,544,847
Balance, End of Period	91,229,085	244,250	91,473,335
Change in unrealized appreciation (depreciation) in value of investments held at end of period	5,800,597	(2,255,750)	3,544,847

December 31, 2023	Investment Funds ($)	Loans ($)	Total ($)
Balance, Beginning of Period	76,731,133	2,500,000	79,231,133
Investment purchases during the period*	16,999,050	-	16,999,050
Proceeds from sales during the period*	(7,448,281)	-	(7,448,281)
Net realized gain (loss) on sale of investments	1,645,943	-	1,645,943
Change in unrealized appreciation (depreciation) in value of investments	(2,112,458)	-	(2,112,458)
Balance, End of Period	85,815,387	2,500,000	88,315,387
Change in unrealized appreciation (depreciation) in value of investments held at end of period	777,393	-	-

**Balances reported are net of return of capital*

d) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Partnership considers its investments in Underlying Funds to be investments in unconsolidated structured entities.

The change in fair value of the Partnership is included in the statements of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

The Partnership's investments in Underlying Funds are subject to the terms and conditions of their respective offering documents and are susceptible to market price risk arising from uncertainties about future values. The Manager makes investment decisions after extensive due diligence on the strategy and overall quality of the Underlying Fund's manager.

The exposure to investments in Underlying Funds at fair value as at December 31, 2024 and 2023 are presented in the following tables. These investments are included at their fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Partnership's investment in Underlying Funds is the fair value below.

December 31, 2024	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	15,780,148	895	1.8%
Blue Ocean Fund Class I	197,508	3	5.9%
Blue Ocean Fund Class I-B	6,209,908	62	10.0%
Bridge Agency MBS Fund International LP	2,263,410	419	0.5%
Bridge Debt Strategies Fund IV International LP	21,499,158	794	2.7%
Brookfield Infrastructure Fund IV-A, L.P.	23,661,987	35,737	0.1%
Brookfield Infrastructure Fund V-A, L.P.	2,098,703	15,393	-
Crown Capital Partner Fund, LP	2,168,775	12	18.3%
Crown Capital Power Limited Partnership	6,698,400	39	17.3%
Incus Capital European Credit Fund IV Feeder LP	2,267,666	296	0.8%
Incus Capital European Renewables Credit Fund Feeder LP	955,677	76	1.3%
NSPC-L Investor Trust	10,107,211	1,307	0.8%
Parkview Financial US-Cayman Blocker, LLC	5,089,104	1,197	0.4%
Parkview Madison 2024, LLC	346,765	7	4.8%
Portland Global Energy Efficiency and Renewable Energy Fund LP Class O	3,517,197	17	20.8%
Sagard Senior Lending Partners	4,587,157	22	21.2%

December 31, 2023	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	17,511,893	951	1.6%
Blue Ocean Fund Class I	514,308	9	5.7%
Blue Ocean Fund Class I-B	7,083,340	79	9.0%
Bridge Agency MBS Fund International LP	2,031,280	430	0.5%
Bridge Debt Strategies Fund IV International LP	19,763,830	695	2.8%
Brookfield Infrastructure Fund IV-A, L.P.	20,532,335	29,884	0.1%
Brookfield Infrastructure Fund V-A, L.P.	1,498,576	12,685	-
Brookfield Super-Core Infrastructure Partners (CAN) L.P.	8,049,118	12,280	0.1%
Crown Capital Partner Fund, LP	11,415,600	69	16.4%
Crown Capital Power Limited Partnership	7,042,800	40	17.4%
Incus Capital European Credit Fund IV Feeder LP	1,944,728	213	0.9%
Incus Capital European Renewables Credit Fund Feeder LP	933,532	n/a	n/a
NSPC-L Investor Trust	9,471,699	2,144	0.4%
Parkview Financial US-Cayman Blocker, LLC	4,770,180	1,131	0.4%
Portland Global Energy Efficiency and Renewable Energy Fund LP Class O	3,538,674	17	20.3%
Sagard Senior Lending Partners	3,022,472	13	23.6%

6. REDEEMABLE UNITS

The Partnership is available in two classes of shares: Class A and Class B. Class A units may only be issued to the General Partner or an affiliate of the General Partner and have voting rights, while Class B units are available for purchase by the Fund and are non-voting. The Partnership is permitted to have an unlimited number of classes of units, having such terms and conditions as the Manager may determine. Additional classes may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a class represents an undivided ownership interest in the net assets of the Partnership attributable to that class of units.

The Partnership's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a Valuation Date) or on such other date as determined by the Manager. Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise, the redemption will be processed as at the next Valuation Date.

The Partnership endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Partnership may borrow or dispose of investments, where necessary, to fund redemptions.

The number of units issued and outstanding for the years ended December 31, 2024 and 2023 was as follows:

December 31, 2024	Beginning Balance	Units Issued	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	1	1
Class B	1,511,277	-	159,372	1,351,905	1,443,830

June 30, 2023	Beginning Balance	Units Issued	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	1	1
Class B	1,663,906	15,675	-	1,679,581	1,674,852

7. TAXATION

The Partnership calculates its taxable income and net capital gains/(losses) in accordance with the Income Tax Act (Canada). The Partnership is not a taxable entity and is required to allocate its taxable income and net capital gains/(losses) to its limited partners in accordance with the limited partnership agreement. Accordingly, the Partnership has not included a provision for taxes in the financial statements.

The Partnership may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income (loss). Withholding taxes are shown as a separate item in the statements of comprehensive income (loss).

The taxation year-end of the Partnership is December 31.

8. FEES AND EXPENSES

The Partnership is responsible for the payment of the following ongoing fees and expenses relating to its operation: custodian fees, administration fees, accounting expenses, audit fees, interest and safekeeping charges, all taxes (including applicable GST and/or HST), assessments or other regulatory and governmental charges levied against the Partnership, interest and all brokerage fees. The Manager may absorb future Partnership operating expenses at its discretion but is under no obligation to do so.

9. SOFT DOLLARS

Allocation of business to brokers of the Partnership is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Partnership or to the Manager at prices, which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

10. RELATED PARTY TRANSACTIONS

The following table outlines the operating expense reimbursements that were paid to the Manager by the Partnership during the years ended December 31, 2024 and 2023. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

As at	Operating Expense Reimbursement ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
December 31, 2024	259,065	1,543
December 31, 2023	282,407	1,379

As at December 31, 2024, the Partnership owed $128,040 of operating expenses excluding applicable GST and/or HST to the Manager (December 31, 2023: $144,612).

All of the issued and outstanding Class B units of the Partnership are owned by the Fund, which has the same manager as the Partnership. The Class A unit of the Partnership is owned by the General Partner which is related to the Partnership and the Manager. The Partnership invests in Portland GEEREF LP which have the same manager as the Partnership.

On December 13, 2017, an affiliate of the Manager acquired indirect controlling interest in Clarien Bank. The Partnership has Facility with the Clarien Bank as described under note 9. During the year ended December 31, 2024, the Partnership did not pay any loan origination fees (December 31, 2023: US$33,360). Interest and loan origination fees with the Facility are subject to an additional withholding tax as a result of the indirect controlling interest in the Clarien Bank and may be included under 'Arrangement fee-Clarien Bank' on the statements of comprehensive income (loss) when paid.

11. BORROWING FACILITY

The Partnership may use various forms of leverage, including its margin facility with a prime broker, a loan facility with a bank and the use of Preferred Units (as defined in the notes to the Fund), that allows it to borrow funds from time to time when the Manager determines this to be appropriate. The aggregate amount of borrowing by the Partnership may not exceed 25% of the total assets of the Partnership at the time of use.

Settlement Services Agreement

The Partnership has a Settlement Services Agreement (SSA) with a Canadian dealer for margin borrowing. The rate of interest payable on borrowed money in Canadian dollars was the three-month Canadian Overnight Repo Rate Average (CORRA) plus 0.75% and in U.S. dollars was the OBFR (Overnight Bank Funding Rate) plus 0.60% and the facility is repayable on demand. The Partnership has placed securities on account with the dealer as collateral for borrowing.

Based on the amount borrowed, the required amount of cash, cash equivalents or non-cash collateral has been classified separately within the statements of financial position from other assets and is identified as 'Investments - pledged as collateral' or 'Margin accounts'.

As at December 31, 2024, the Partnership borrowed $49,427,784 or positive $1,012,284 net of short-term investments and cash through the SSA (December 31, 2023: $53,558,516 or negative $1,296,646 net of short-term investments and cash). During the year ended December 31, 2024, the Partnership borrowed a minimum of $29,100,377 and a maximum of $54,203,355 under the SSA (December 31, 2023: minimum of $47,926,206 and maximum of $70,951,654).

Revolving Loan Facility

The Partnership has a revolving loan facility (the Facility) with a Bermuda-based bank (Clarien Bank). Under the Facility, the Partnership could borrow in order to bridge the timing difference between planned subscriptions from unitholders and the commitments/disbursements to/from investments made by the Partnership.

The Facility is renewed annually. The Partnership agreed to pay on demand to the Clarien Bank the principal sum of up to US$9,000,000 and to pay interest on unpaid principal, calculated from and including the date of first drawdown at a rate which is the greater of 4.5% above the U.S. dollar three-month LIBOR (London Interbank Offered Rate) + 3.5% net of any applicable withholding taxes, payable over 364 days from the date of first drawdown at interest only quarterly with principal payments at the Partnership's election subject to the term if not renewed. In the event that the Facility becomes 90 days overdue, the Clarien Bank could increase the rate of interest to 2% over the interest rate being charged at that time. A non-utilization fee was payable quarterly in arrears of between zero and 0.30% per annum, if the average utilization during the preceding quarter is less than 40%. Payments of principal could be made at any time without penalty. The terms of the Facility include that the maximum total debt of the Partnership does not exceed 25% of total assets and that the Facility amount drawn does not exceed 20% of the Partnership's assets less those securities the Partnership has placed on account with the dealer of the SSA as collateral for the margin borrowing mentioned above. An arrangement fee of 0.30% or US$33,000 was payable on the date of renewal in November 2023 and was deducted from the proceeds.

As at December 31, 2024, the Partnership borrowed $3,017,513 under the Facility (December 31, 2023: $nil). During the year ended December 31, 2024, the Partnership borrowed a minimum of US$nil and a maximum of US$4,225,000 under the Facility (December 31, 2023: minimum of US$nil and a maximum of US$6,033,360).

12. COMMITMENTS

Unfunded capital commitments to the Underlying Funds are not presented in the statement of financial position as a liability, as the unfunded capital represents a loan commitment that is not within the scope of IFRS 9.

Crown Capital Partner Funding, LP

On September 23, 2015, the Partnership committed to invest $10,000,000 in Crown Partner Funding. Effective July 15, 2016, the amount of this commitment was increased by $6,400,000, effective January 9, 2017, the amount of this commitment was increased by $9,850,000, effective July 13, 2017, the amount of this commitment was increased by $7,500,000 and effective July 13, 2018, the amount of this commitment was increased by $18,750,000. On December 31, 2020, Crown provided the Fund a notice of waiver of $10,500,000 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $42,000,000. As at December 31, 2024, the cumulative amount paid toward this commitment was $9,964,597 (net of return of capital) and the remaining uncalled capital commitment was $10,500,000 (December 31, 2023: $10,500,000). Crown Partner Fund is in a stage of divestment and no further capital calls are expected.

Christopher Wain-Lowe is a non-voting observer member of Crown Partner Funding.

Blue Ocean Fund

On June 1, 2017, the Partnership committed to invest US$5,000,000 to Blue Ocean Class I Units. As at December 31, 2024, US$4,989,071 was paid toward this commitment, resulting in a remaining uncalled commitment of US$10,929 (December 31, 2023: US$10,929).

On September 10, 2018, the Partnership committed to invest US$7,000,000 to Blue Ocean Class I-B Units. As of December 31, 2024, the commitment was paid in full but was subject to a recallable distribution in the amount of US$9,457,341 (December 31, 2023: US$9,464,445).

Brookfield Super-Core Infrastructure Partners (CAN) L.P.

On December 21, 2018, the Partnership committed to invest US$5,000,000 to Brookfield Super-Core Infrastructure Partners (NUS) L.P. Effective October 12, 2021, the amount of the commitment was increased by US$800,000. Effective June 30, 2022, the investment and commitment was transferred to Brookfield Super-Core Infrastructure Partners (CAN) L.P. In March 2024, the Manager submitted a request to redeem all units, which would be effective June 30, 2024, with cash proceeds expected to be paid within 90 days of the effective date. As at December 31, 2024, the Partnership received US$6,343,361 of the cash redemption proceeds, with US$325,557 withheld as a receivable.

Crown Capital Power Limited Partnership

On February 28, 2019, the Partnership committed to invest $10,000,000 to Crown Capital Power Limited Partnership (Crown Power). On June 23, 2022, Crown Power provided the Fund a notice of waiver of $1,367,700 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $8,632,300. As at December 31, 2024, the commitment was paid in full but subject to a recallable amount of $322,848.

Christopher Wain-Lowe is a member of the fund advisory board of Crown Power.

Brookfield Infrastructure Fund IV-A, L.P.

On March 4, 2019, the Partnership committed to invest US$15,000,000 to BIF IV. Subsequently, Brookfield provided a series of capital restorations totaling a cumulative amount of $2,140,214 for the year ended December 31, 2024. As at December 31, 2024, US$14,646,897 was paid toward this commitment, resulting in a remaining uncalled commitment of US$2,493,317 (December 31, 2023: US$1,168,471).

Bridge Agency MBS Fund International LP

On September 1, 2021, the Partnership committed to invest US$1,500,000 to Bridge Agency MBS Fund International LP (Bridge AMBS). Subsequent additional commitments to invest US$250,000, US$250,000 and US$200,000 were made on October 1, November 1, and December 1, 2021, respectively, for a total commitment of US$2,200,000. As at December 31, 2024, this commitment was paid in full.

In October 2024, the Manager submitted a request to redeem US$500,000 effective December 31, 2024 and payable January 2, 2025. Subsequently, in December 2024, the Partnership submitted a request to redeem an additional US$500,000 effective February 28, 2025, payable March 3, 2025, and a request to redeem all remaining units effective March 31, 2025 and payable May 1, 2025.

Bridge Debt Strategies Fund IV International LP

On July 20, 2021, the Partnership committed to invest US$5,000,000 to Bridge Debt IV and an additional US$1,500,000 on September 24, 2021 and an additional US$4,500,000 on March 2, 2022 and US$4,000,000 on May 23, 2022 for a total commitment of US$15,000,000. As at December 31, 2024, US$14,804,902 was paid toward this commitment, resulting in a remaining uncalled commitment of US$195,098 (December 31, 2023: US$195,098).

Blue MC (Cayman) LLC

On September 20, 2021, the Partnership committed to invest US$6,000,000 to Blue MC. As at December 31, 2024, this commitment was paid in full.

NSPC-L Investor Trust

On December 13, 2021, the Partnership committed to invest US$5,000,000 to Northleaf Private Credit through Northleaf and an additional US$2,000,000 on March 31, 2022 for a total additional commitment of US$7,000,000. As at December 31, 2024, this commitment was paid in full.

Incus Capital European Credit Fund IV Feeder

On June 16, 2022, the Partnership committed to invest €2,500,000 to Incus Credit Fund IV. As at December 31, 2024, €1,422,211 was paid toward this commitment, resulting in a remaining uncalled commitment of €1,077,789 (December 31, 2023: €1,243,137).

Brookfield Infrastructure Fund V-A, L.P.

On June 21, 2022, the Partnership committed to invest US$4,000,000 to Brookfield Infrastructure Fund V-A, LP (BIF V). As at December 31, 2024, US$1,426,422 was paid toward this commitment, resulting in a remaining uncalled commitment of US$2,573,578 (December 31, 2023: US$2,805,122).

Sagard Senior Lending Partners LP

On August 10, 2022, the Partnership committed to invest US$10,000,000 to Sagard Senior Lending Partners LP. As at December 31, 2024, US$3,173,703 was paid toward this commitment, resulting in a remaining uncalled commitment of US$6,826,297 (December 31, 2023: US$7,594,214).

In July 2024, Christopher Wain-Lowe was appointed as a member of the fund advisory board of Sagard Senior Lending Partners LP.

Parkview Financial Real Estate Equity Fund, LP

On December 15, 2022, the Partnership committed to invest US$3,000,000 to Parkview Financial Real Estate Equity Fund, LP (Parkview Real Estate). No capital has been called to date.

Incus Capital European Renewables Credit Fund Feeder LP

On September 20, 2023, the Partnership committed to invest €2,000,000 to Incus Renewables Credit Fund. As at December 31, 2024, € 598,400was paid toward this commitment, resulting in a remaining uncalled commitment of €1,401,600 (December 31, 2023: €1,361,812).

Parkview Madison 2024, LLC

On January 09, 2024, the Partnership committed to invest US$318,125 and funded 100% of this commitment on February 12, 2024. The Partnership redeemed $74,475 on May 1, 2024. As at December 31, 2024, US$243,650 was paid toward this commitment.

13. SUBSEQUENT EVENTS

1. On January 2, 2025, the redemption of US$500,000 of Bridge Agency MBS Fund International LP was processed.
2. On January 15, 2025, the Partnership submitted a request to redeem 25% of all units of NSPC-L Investor Trust. The redemption request will be effective June 30, 2025 and payable July 2, 2025.

3. On March 3, 2025, the redemption of US$500,000 of Bridge Agency MBS Fund International LP was processed.
4. On March 10, 2025, the Partnership paid US$72,938 towards its commitment to Brookfield Infrastructure Fund V-A, L.P.
5. On March 18, 2025, the Partnership submitted a request to redeem 25% of all remaining units of NSPC-L Investor Trust. The redemption request will be effective September 30, 2025 and payable October 1, 2025.
6. On March 26, 2025 and April 29, 2025, the Partnership paid €723,250 and €88,490, respectively, towards its commitment to Incus Capital European Credit Fund IV Feeder.
7. On April 16, 2025, the withheld portion of the redemption of Brookfield Super-Core Infrastructure Partners (CAN) L.P. was received in the amount of US$326,091, which was higher than the initially estimated receivable of US$325,557 as at December 31, 2024.
8. On April 28, 2025 and May 1, 2025 the Partnership received US$32,501 and US$523,873 respectively of the cash redemption for all remaining units of Bridge Agency MBS Fund International LP with US$39,169 withheld as a receivable.

14. EXEMPTION FROM FILING

The Partnership is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

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