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Portland Private Income Fund  
**Interim Financial Report**

June 30, 2025

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| COMMENTARY        |                                  |
|-------------------|----------------------------------|
| PORTFOLIO MANAGER | Portland Investment Counsel Inc. |

## Overview

The investment objective of the Portland Private Income Fund (the Fund) is to preserve capital, 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 through 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.

The following discussion covers the period from January 1, 2025 to June 30, 2025. 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 June 30, 2025 was 6.57% for Series A units and 7.83% for Series F units. The Fund's net asset value (NAV) per unit as of June 30, 2025 was \$36.07 for Series A units and \$37.87 for Series F units. The Fund has delivered annualized and cumulative net returns since inception of 5.94% and 103.79% for Series A units and 7.20% and 138.18% 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.<sup>1</sup>

As inflation abates and interest rates lower, the accompanying lower capitalization rates and market recovery should impact exit sales prices more favourably than experienced over the last two and a half years. Over this time, the Manager has been working effectively with Specialty Investment Managers and believes the Fund is well placed to meet its objectives through those relations.

The Fund's assets under management (AUM) were \$145.3 million as at June 30, 2025.

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 at an annualized rate of 7.20% since inception. If the Fund had not paid distributions, the NAV per unit would have risen from \$50.00 to \$93.57, a change of \$43.57 per unit. However, since inception the Fund has targeted a regular distribution of 9% per annum and so paid out \$54.84 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 \$43.57 and total distributions paid of \$55.70 equals a change of (\$12.13) and equates to the NAV per unit of \$37.87 as at June 30, 2025.

**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             |
| June 30, 2025 | \$39.19              | \$0.93        | \$2.25                  |                        | \$37.87             |
| Total         |                      | \$43.57       | \$54.84                 | \$0.86                 |                     |

**Fund Awards<sup>2</sup>**

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 June 30, 2025 was 4.80% for Series FP units and 3.76% for Series AP units. The Fund's NAV per unit as of June 30, 2025 was \$10.00 for both Series AP and FP units. The Fund has delivered an annualized net return since inception of 4.37% for Series FP units and 3.32% for Series AP units.<sup>1</sup>

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](http://www.portlandic.com/private_income).

**Recent Developments and Outlook**

The second quarter of 2025 began with significant market disruption following the April 2nd announcement by the U.S. of sweeping new tariffs, referred to as "Liberation Day." The U.S. imposed a 10% baseline tariff on imports from multiple trading partners, with additional levies ranging up to 50% on countries including Vietnam, South Korea, Switzerland and the European Union. Tariffs on Chinese imports surged to as high as 80% and 125%. Retaliatory measures from key U.S. allies followed swiftly, but more recently have moderated, currently lowering fears of a global trade war.

Since President Trump's "Liberation Day" tariffs were announced, the U.S. Government 10-year yield has risen sharply and prices have fallen. The passage and enactment of the President's "big beautiful" tax bill, concerns about the independence of the Federal Reserve along with the recent Moody's downgrade of the U.S.'s credit rating, have brought the sustainability of the deficit into sharper focus and weighed on bond prices. The recent phenomenon of U.S. dollar weakness alongside lower bond prices has posed a challenge to common portfolio hedges which in recent years have typically considered having a long dollar position in a portfolio to be a stabilizing factor.

Despite a strong equity rebound, driven by resilient corporate earnings and AI-driven optimism, the macroeconomic backdrop remains challenging. Inflation has proven stickier than expected, and the U.S. Federal Reserve has maintained a restrictive policy stance. Interest rates remain elevated, with the one-month term secured overnight financing rate at ~4.3% as of the second quarter of 2025. This higher-for-longer interest rate environment continues to weigh on capital markets and real estate valuations.

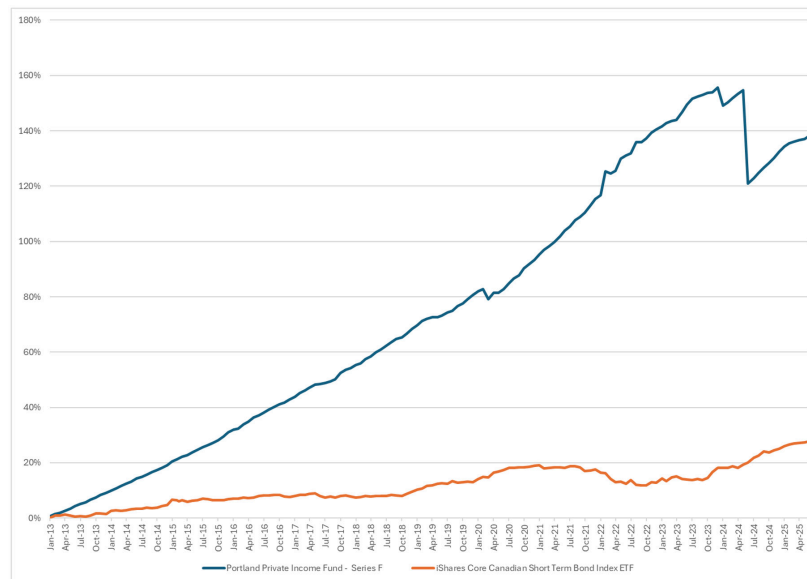
While the Fund is not immune to the impact of tariffs, the Manager believes it is somewhat shielded, whereas the impact of deteriorating bond prices, credit default swaps and concerns of market dislocation are more relevant when currently fair valuing debt instruments across the portfolio. For now, the combination has chilled investment values and firms are pausing/stepping back from strategic, longer term, capital spend and determining how to navigate, especially those which are more U.S. dependent.

Each of the Fund's pillars do contain significant U.S. exposure and so, recent uncertainties have slowed the pace of accreting fair values across the portfolio. Nonetheless, in aggregate, performance for the year was profitable.

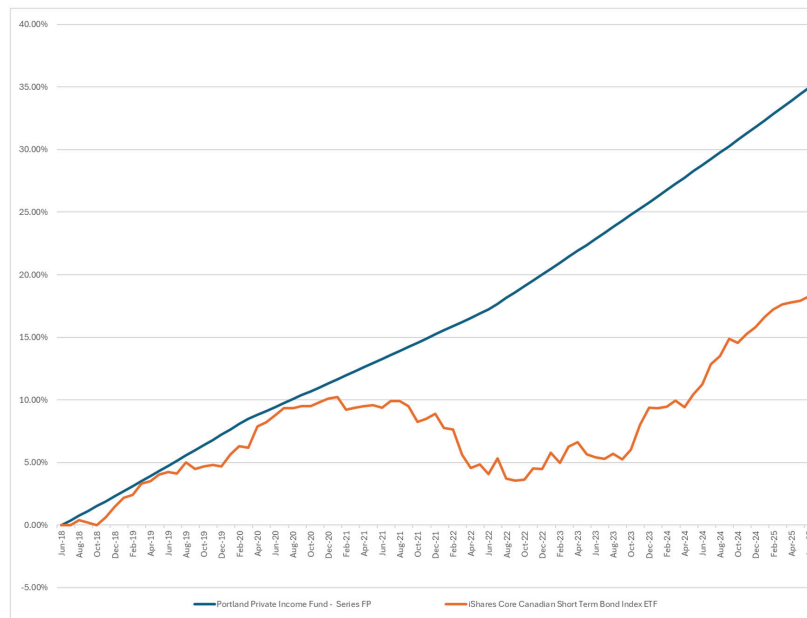
Since their inception, the Fund's common units and preferred units have outperformed short-term publicly traded fixed income securities, as reflected with the iShares Core Canadian Short Term Bond Index ETF (XSB), throughout this challenging and volatile interest rate environment. Please see Figure 2 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).

Chris Wain-Lowe is no longer with Portland Investment Counsel Inc. Kyle Ostrander will continue to manage the fund, supported by Dragos Stefanescu. This transition does not impact the fund in any way. The fund remains fully aligned with its stated investment objectives and continues to be managed with consistency and discipline.

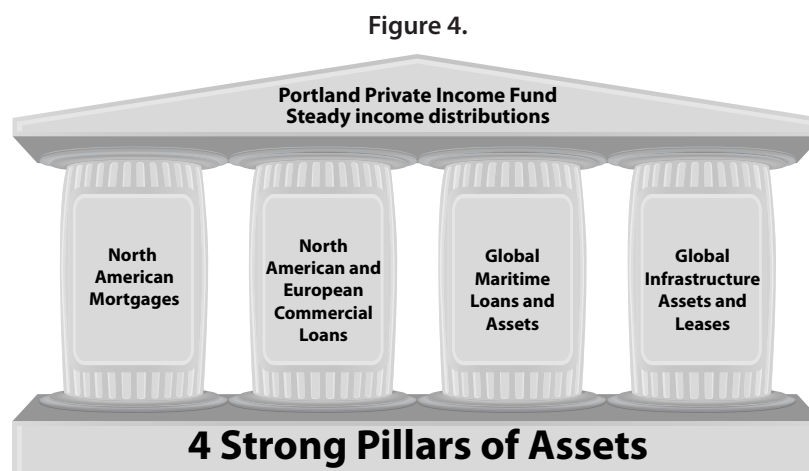
**Figure 2. Since Inception Series F Performance Comparison**



**Figure 3. Since Inception Series FP Performance Comparison**



We believe that the Fund is 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.



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 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 17 years from the beginning of the GFC.

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.

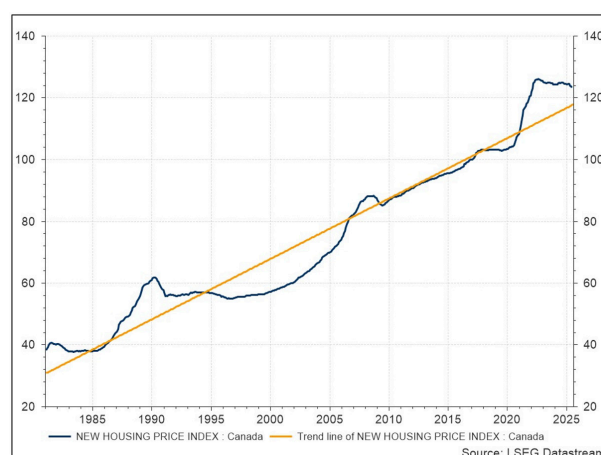
#### Canada

Figure 5 highlights Canadian real home index prices from January 15, 1981 to June 30, 2025. 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.

**Figure 5. Canada New Housing Price Index – January 15, 1981 to June 30, 2025**



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.

MarshallZehr's recent administrative duties over recent years, has 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. 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. 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.

Bridge is the fund manager for Bridge Debt Strategies Fund IV International LP (Bridge Debt IV). Bridge Debt IV helps to add diversification respectively to the North American Mortgages pillar.

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\$5.08 billion with 98.7% drawn as at March 31, 2025, of which there is only a 0.9% exposure to office properties. Bridge expects that as debt capital markets recover and competitors return this debt portfolio will likely receive prepayments quicker than its earlier three funds.

On September 2, 2025, Apollo and Bridge announced that Apollo has completed the previously announced acquisition of Bridge in an all-stock transaction. As a platform company within Apollo's asset management business, Bridge will retain its existing brand, management and investment teams and dedicated capital formation team. Pursuant to the terms of the transaction, Bridge stockholders and Bridge OpCo unitholders are entitled to receive 0.07081 shares of Apollo stock for each share of Bridge Class A common stock and each Bridge OpCo Class A common unit, respectively, valued by the parties at \$11.50 per each share of Bridge Class A common stock and Bridge OpCo Class A common unit, respectively. As a result of the completion of the acquisition, Bridge's common stock has ceased trading on the New York Stock Exchange.

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 and Las Vegas. 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 in short-term bridge and construction first-lien financing across 198 loans. 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\$977 million in AUM as at June 30, 2025.

The second quarter of 2025 was defined by persistent inflation, elevated interest rates, and escalating global trade tensions, all of which are reshaping the investment landscape and directly impacting Parkview's portfolio strategy.

One of the most direct consequences of this environment is the sharp 22.3% decline in commercial real estate transaction volume between the fourth quarter of 2024 and the first quarter of 2025. Elevated borrowing costs, lower valuations eroding equity value, policy uncertainty, and a wide bid-ask spread have led to a prolonged period of price discovery. As a result, many borrowers are unable to refinance or sell, leading to a material slowdown in loan payoffs across the real estate industry.

During the second quarter of 2025, the Parkview Financial made a cash distribution of 0.29%. This marks Parkview Financial's first cash distribution since the second quarter of 2024, which is a meaningful milestone that reflects the cumulative progress of Parkview's portfolio strategy over the past year. Similar to the Manager's approach across its Canadian Mortgage Portfolio, this distribution was made possible by a deliberate and disciplined approach that included driving liquidity through targeted loan sales and opportunistic payoffs and proactively resolving challenged loan positions to stabilize the portfolio. This demonstrates that Parkview's strategy is beginning to yield results, even in a challenging macroeconomic environment characterized by elevated interest rates and subdued capital markets activity. Looking ahead, Parkview remains focused on executing its portfolio strategy with the goal of gradually restoring yield performance.

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 has since the third quarter of 2024 been paying quarterly distributions.



## 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.

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 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 \$11.8 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. Of these, the debt and one of the equity positions is RBee Aggregate Consulting Ltd., see "North American and European Commercial Loans" section below.

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 U.S.

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 June 30, 2025, 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. 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 March 31, 2025. 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 June 30, 2025, 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\$29.0 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.

Northleaf Senior Private Credit-L had assets under management of US\$1,071.3 million as at March 31, 2025. The Partnership had committed US\$7.0 million and had 100% of its commitment called as of June 30, 2025.

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 85.0% drawn as at June 30, 2025.

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 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 a 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 30.5% drawn as at June 30, 2025.

Sagard is a multi-strategy alternative asset management firm with more than US\$27 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 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. Sagard has raised US\$741 million in investor commitments to the senior lending strategy, exceeding the initial target of US\$600 million. Since launch, Sagard Lending LP has focused on fourteen investments in the Canadian and U.S. middle market. The portfolio's commitment to Sagard Lending LP is 31.7% drawn as at June 30, 2025.

## Global Maritime Loans and Assets

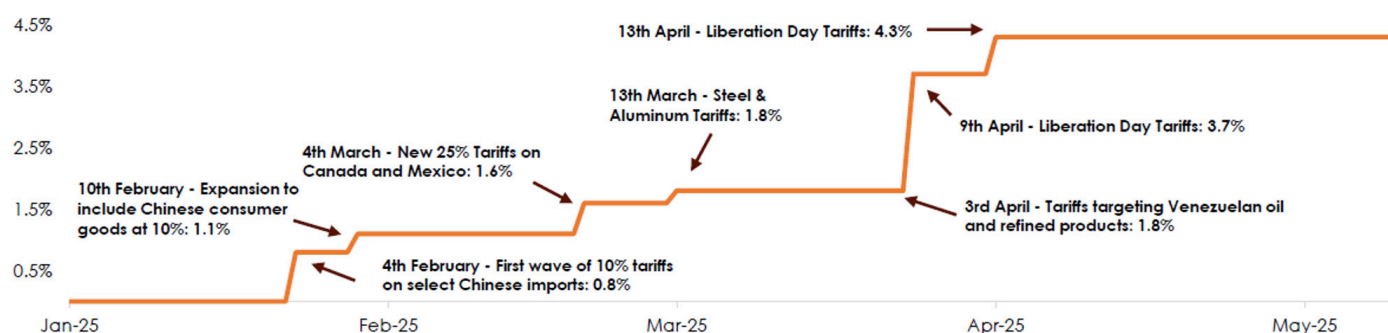


The global maritime industry plays a pivotal role in the worldwide economy, with approximately 85% of world trade carried out by sea. Its importance cannot be overstated as it is widely relied upon as a dependable and cost-effective means of transportation. The industry supports international trade and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

The global shipping market remained resilient despite macroeconomic headwinds and escalating trade tensions. While global GDP growth is projected to slow to 2.8% and tariffs now affect 4.3% of global seaborne volumes, sector-specific fundamentals continue to drive performance. Please see Figure 6 below that shows the percentage of seaborne trade volume that is tariffed by U.S. announcements.

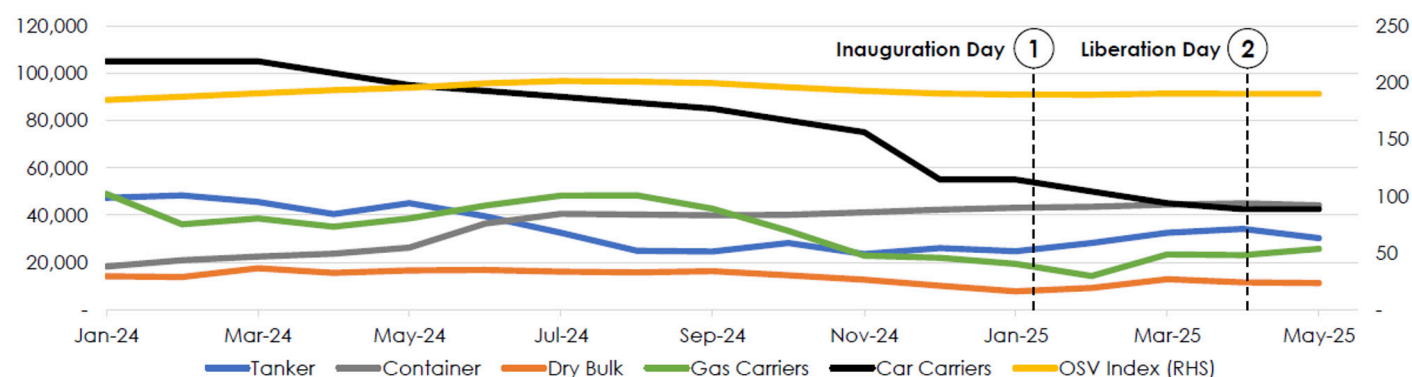
**Figure 6. Percentage of Seaborne Trade Volume Tariffed by U.S. Announcements**



Longer-haul trade routes due to Red Sea disruptions have tightened fleet supply across several segments, supporting earnings. The dry bulk sector saw softer conditions due to high Chinese inventories and seasonal trends, but long-term fundamentals remain strong with a historically low orderbook. Tankers continue to benefit from fleet discipline and rerouted energy flows, while offshore oil and gas services maintain elevated rate levels amid constrained supply growth. The cruise sector posted record passenger volumes and bookings, signaling robust demand recovery.

Container shipping remains volatile, with spot rates easing due to subdued post-holiday production and ongoing fleet expansion, though time-charter rates held firm amid tight tonnage. Please see Figure 7 below that shows time charter equivalent daily rates across tanker, container, dry bulk, gas carriers, car carriers and offshore support vessels. Notably, the Fund's portfolio has no exposure to car carriers, which has been most impacted in Figure 7.

**Figure 7. Average Monthly Sector Time Charter Equivalent Rates (\$/day)**



Gas carriers faced earnings pressure from weaker Asian demand and tariff-related trade disruptions, yet asset values remain supported by long-term contracts and limited mid-aged tonnage. Across sectors, asset values generally remain elevated above historical averages, reflecting constrained shipyard capacity and strong fundamentals. Blue Ocean's diversified exposure across these segments combined with long-term contracts, quality counterparties, and proactive portfolio management positions it well to navigate ongoing volatility and capitalize on emerging opportunities.

The Blue Ocean team is well-positioned to navigate market volatility and capitalize on new opportunities. This is evident by its quality of the assets they seek, the structure of the investment, the cash flow profile of the investments and the counterparties they deal with.

#### Assets

The vessels are expected to retain value and remain readily saleable across diversified, uncorrelated sectors within the Blue Ocean portfolio. The average vessel age is 12 years, offering downside protection as a market downturn triggers scrapping of older tonnage within a usual 25-year useful life. High-quality assets built by reputable shipyards can be sold into liquid S&P markets. The good condition and operating history of vessels support underwriting, with quality confirmed through third-party inspections.

Every borrower in the Blue Ocean portfolio is required to maintain complete Hull & Machinery and War Risk insurance. Policies are assigned to Blue Ocean as lenders and provide direct access to any policy proceeds paid by insurers in the event of vessel damage or total loss. In addition, borrowers carry secondary insurance that is intended to cover any exclusions in primary policies, with all premiums paid by the borrowers.

#### Structure

Appropriate loan-to-value and asset protection is maintained throughout loan maturity, with asset insurance providing additional security to the lender. A senior loan position and sole lender status enable direct control over collateral if needed, often supported by corporate guarantees. Most loans are U.S. dollar denominated. Equity investments feature clearly defined exit routes and aligned governance with partners.

#### Cash Flow

Direct cash flow is provided to the lender via high coupon payments and amortization. Steep loan amortization reduces the loan-to-value through maturity of the loan. A high cash flow strategy enables early capital-at-risk amortization. Profit-sharing structures may provide additional upside to lenders. Equity investments offer predictable cash flows through charters with high-quality counterparties.

#### Counterparty

There is a high likelihood of full loan principal and interest repayment through partnerships with creditworthy, relationship-driven borrowers. Blue Ocean has a seasoned management team with experience and a proven track record of navigating challenging markets and a strong reputation. Lending to borrowers that have the ability to contribute equity to the current transaction in tough markets is desirable. The Blue Ocean team invests with industry leading joint venture partners in equity investments with a focus on partnerships and operators.

In 2018, we selected 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 which 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\$3.8 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\$8.6 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 contractual downside protection given moderate loan-to-ship values and first lien, senior secured structures. As at June 30, 2025, Blue Ocean's total invested capital of the first close (approximately 0.1% of the Partnership) featured a portfolio of one asset comprising four vessels with an average vessel age of 14 years (see Figure 19) and its total invested capital of the second close (approximately 3.5% of the Partnership) featured a portfolio of 17 assets with an average vessel age of 13 years (see Figure 20). The acquisition of Maas from ABN AMRO in 2021 (approximately 7.9% of the Partnership) features a portfolio of 29 vessels within the product/chemical tanker, dry bulk, LPG, and containership 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 21).

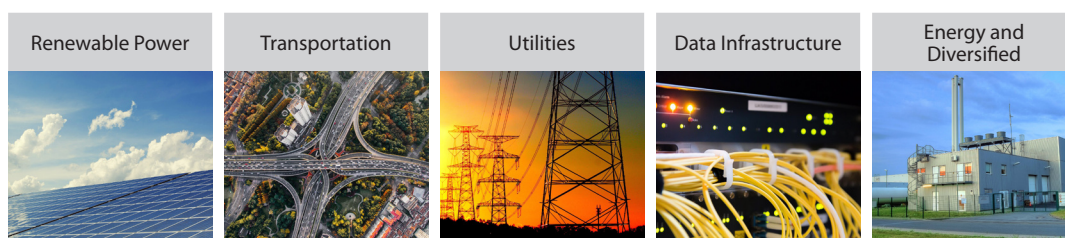
Due to the recent cyclical catalysts that have increased valuations within this pillar, the Partnership will seek to materially reduce this pillar over the next 1.5 years. We expect about half of the remaining Blue Ocean fund's second closing assets to be divested within the next 1.5 years and Blue MC 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 2.5 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 8.

Figure 8. 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 9.

Figure 9. Infrastructure Asset Characteristics

|                                                                                     |                                                                                     |                                                                                     |                                                                                       |                                                                                       |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |  |  |
| <b>Significant Cash Yield</b>                                                       | <b>Lower Volatility</b>                                                             | <b>Diversification</b>                                                              | <b>Inflation Protection</b>                                                           | <b>Long Duration</b>                                                                  |
| 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.

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 June 30, 2025, the Partnership has a remaining unpaid commitment of US\$2.3 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 June 30, 2025, the Partnership had paid US\$1.6 million towards its commitment in BIF V, resulting in a remaining commitment of US\$2.4 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 16 attractive infrastructure businesses (with an additional two 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, global data infrastructure businesses, 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 V has invested or committed capital to ten 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 Partnership has invested in Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP). 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](http://www.geeref.com), and full details about Portland GEEREF LP can be found on our website at [www.portlandic.com/geeref.html](http://www.portlandic.com/geeref.html).

### 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 17.3% 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.

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.

As of June 30, 2025, 4.4% of Crown Power's remaining assets were inventory and equipment being held for sale. There is \$1.6 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.

#### Wilson Creek





## Portfolio Profile

The portfolio is comprised as follows:

| June 30, 2025                                       | Asset Allocation | # of Investments |
|-----------------------------------------------------|------------------|------------------|
| <b>North American Mortgages</b>                     | <b>49.9%</b>     | <b>646</b>       |
| Direct Investment                                   | 34.2%            | 24               |
| Indirect Investment into Open Fund                  | 3.2%             | 34               |
| Indirect Investment into Closed Fund                | 12.5%            | 588              |
| <b>North American and European Commercial Loans</b> | <b>14.5%</b>     | <b>125</b>       |
| Direct Investment                                   | 0.2%             | 1                |
| Indirect Investment into Open Fund                  | 6.6%             | 82               |
| Indirect Investment into Closed Fund                | 7.7%             | 42               |
| <b>Global Maritime Loans and Assets</b>             | <b>11.5%</b>     | <b>129</b>       |
| Direct Investment                                   | 7.9%             | 29               |
| Indirect Investment into Closed Fund                | 3.6%             | 100              |
| <b>Global Infrastructure Assets and Leases</b>      | <b>23.7%</b>     | <b>229</b>       |
| Indirect Investment into Closed Fund                | 23.7%            | 229              |
| <b>Public Securities</b>                            | <b>0.4%</b>      | <b>2</b>         |
| Direct Public Securities                            | 0.4%             | 2                |
| <b>Total</b>                                        | <b>100.0%</b>    | <b>1,131</b>     |

The Fund is primarily invested in private debt. Please see the below Figure 10 to see the Fund's historical asset allocation to debt.

**Figure 10. Annual Historical Debt Allocations**

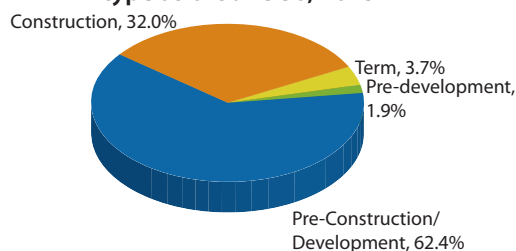
|                                 | June 2025  | 2024       | 2023       | 2022       | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Mortgages                       | 51%        | 51%        | 48%        | 45%        | 45%        | 44%        | 46%        | 46%        | 45%        | 47%        |
| Commercial Loans                | 15%        | 14%        | 17%        | 18%        | 19%        | 27%        | 26%        | 31%        | 33%        | 29%        |
| Maritime Debt                   | 4%         | 4%         | 4%         | 6%         | 7%         | 8%         | 8%         | 9%         | 6%         | -          |
| Infrastructure Operating Leases | 4%         | 4%         | 4%         | 4%         | 4%         | 5%         | 3%         | -          | -          | -          |
| Cash Equivalents Surplus        | -          | -          | 1%         | -          | -          | -          | -          | -          | -          | -          |
| <b>Total Debt Allocation</b>    | <b>74%</b> | <b>73%</b> | <b>74%</b> | <b>73%</b> | <b>75%</b> | <b>84%</b> | <b>83%</b> | <b>86%</b> | <b>84%</b> | <b>76%</b> |

## North American Mortgages

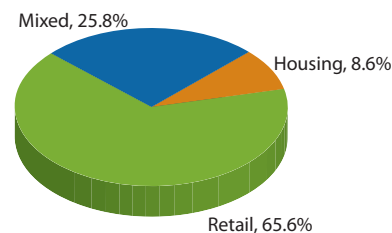


As of June 30, 2025, the mortgage portfolio consisted primarily of first mortgages, a significant component of which consists of mortgages in the Greater Toronto Area, Southwestern Ontario and Central Ontario sourced and administered by MarshallZehr<sup>3</sup>. As of June 30, 2025, we estimate the weighted 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 11). The projects are also segmented between traditional housing, retail and mixed uses (see Figure 12). The mortgages are diversified across project types, geography, project stage and term.

**Figure 11. Mortgage portfolio breakdown by mortgage type as of June 30, 2025**



**Figure 12. Mortgage portfolio breakdown by property usage as of June 30, 2025**



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 31 projects, spanning 11 states and districts in America including Washington DC, Washington, Oregon, California, Colorado, Indiana, Alabama, North Carolina, Maryland, 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 June 30, 2025, the weighted average loan-to-value of the Parkview Financial mortgage portfolio was 78.7%.

Similarly, Bridge Debt IV has continued to diversify its portfolio. Bridge Debt IV encompasses 588 loans across the United States of America. Of the total 588 loans that have been made, 51.7% are located in the South, 32.4% are located in the West, 8.5% are located in the Northeast, and 7.4% are located in the Midwest of the country. As of June 30, 2025, the weighted average loan-to-value of the Bridge Debt IV mortgage portfolio was 43%.

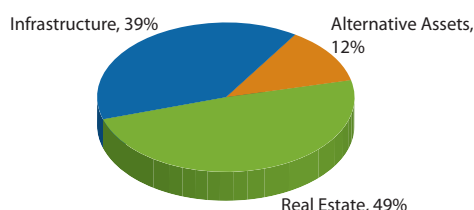
## North American and European Commercial Loans



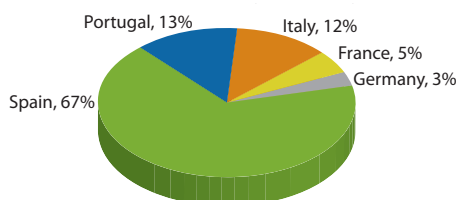
There is one remaining loan within Crown Partner Funding, RBee Aggregate Consulting Ltd., formerly one of the largest mobile rock crushing units in western Canada and which via a receivership process underway, the Fund expects to recover its current exposure representing less than 0.4% of the Fund, See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

Incus Credit Fund IV has diversified its portfolio of 23 loans and continues to deploy capital by strategy and by country. Please see the below Figure 13 for the portfolio breakdown by strategy and please see the below Figure 14 for the portfolio breakdown by geographic location.

**Figure 13. Incus Credit Fund IV by Strategy**

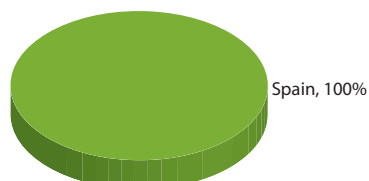


**Figure 14. Incus Credit Fund IV by Geography**



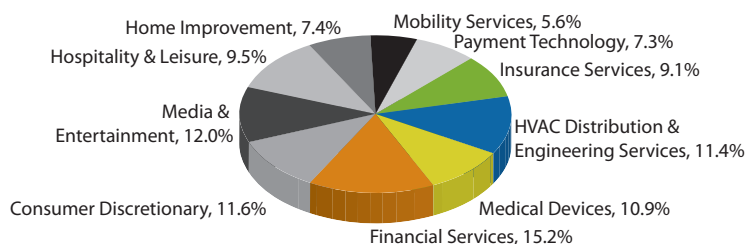
Incus Renewables Credit Fund LP is currently exclusively invested in Spain with exposure to two loans currently, however as the portfolio continues to be built out, we expect expansion into other geographic regions. Please see the below Figure 15 for the portfolio breakdown by geographic location.

**Figure 15. Incus Renewables Credit Fund LP by Geography**



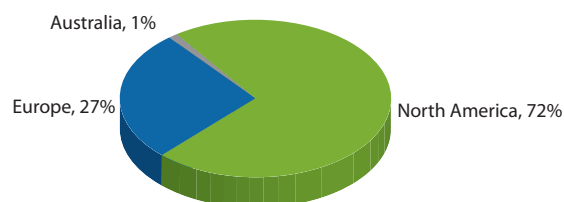
Sagard Lending LP is building out a diversified portfolio of currently 11 loans across various industries. Please see the below Figure 16 for the portfolio breakdown by industry.

**Figure 16. Sagard Lending LP by Industry**

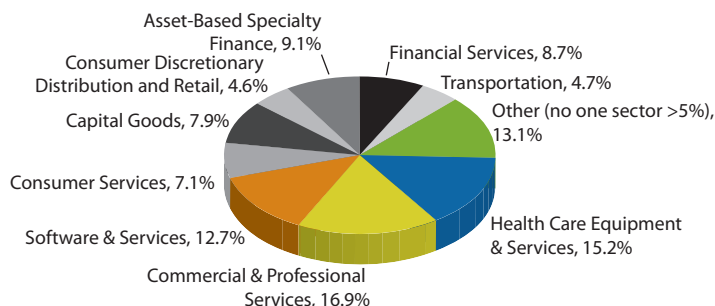


Northleaf Private Credit is building out a diversified portfolio of currently 82 senior secured loans across various geographies and sectors. Please see Figure 17 for the portfolio breakdown by geographic location and Figure 18 for portfolio breakdown by sector.

**Figure 17. Northleaf Private Credit by Geography**



**Figure 18. Northleaf Private Credit by Sector**



## Global Maritime Loan and Assets



Figure 19 illustrates a snapshot of Blue Ocean's first portfolio as of June 30, 2025. Figure 20 illustrates a snapshot of Blue Ocean's second portfolio as of June 30, 2025.

Figure 21 below illustrates the current asset allocation of the Maas portfolio.

**Figure 19. Portfolio Asset Allocation for the First Close of the Blue Ocean Fund**

| Asset Allocation                                                                   |                    |            |
|------------------------------------------------------------------------------------|--------------------|------------|
| Segment Breakdown                                                                  | AUM (USD millions) | % of Total |
| Tanker                                                                             | \$3.68             | 100%       |
|  |                    |            |
| Total                                                                              | \$3.68             | 100%       |

**Figure 20. Portfolio Asset Allocation for the Second Close of the Blue Ocean Fund**

| Asset Allocation                                                                    |                    |            |
|-------------------------------------------------------------------------------------|--------------------|------------|
| Segment Breakdown                                                                   | AUM (USD millions) | % of Total |
| Container                                                                           | \$8.48             | 28%        |
|    |                    |            |
| Dry Bulk                                                                            | \$10.53            | 34%        |
|   |                    |            |
| Tanker                                                                              | \$10.62            | 35%        |
|  |                    |            |
| Cruise                                                                              | \$0.98             | 3%         |
|  |                    |            |
| Total                                                                               | \$30.61            | 100%       |

**Figure 21. Maas Capital Shipping B.V. Portfolio**

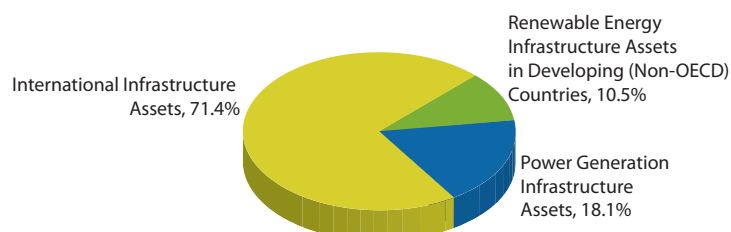
| Asset Allocation                                                                      |            |
|---------------------------------------------------------------------------------------|------------|
| Segment Breakdown                                                                     | % of Total |
| Container                                                                             | 5%         |
|     |            |
| Dry Bulk                                                                              | 22%        |
|     |            |
| Tanker                                                                                | 17%        |
|   |            |
| LPG Carriers                                                                          | 35%        |
|   |            |
| Container Leasing Platform                                                            | 21%        |
|  |            |
| Total                                                                                 | 100%       |

## Global Infrastructure Assets and Leases



Figure 22 shows the approximate infrastructure asset class allocation within the Fund as at June 30, 2025.

**Figure 22. Approximate Infrastructure Assets and Leases by Type as at June 30, 2025**





## Risk

### Project Risk and Returns

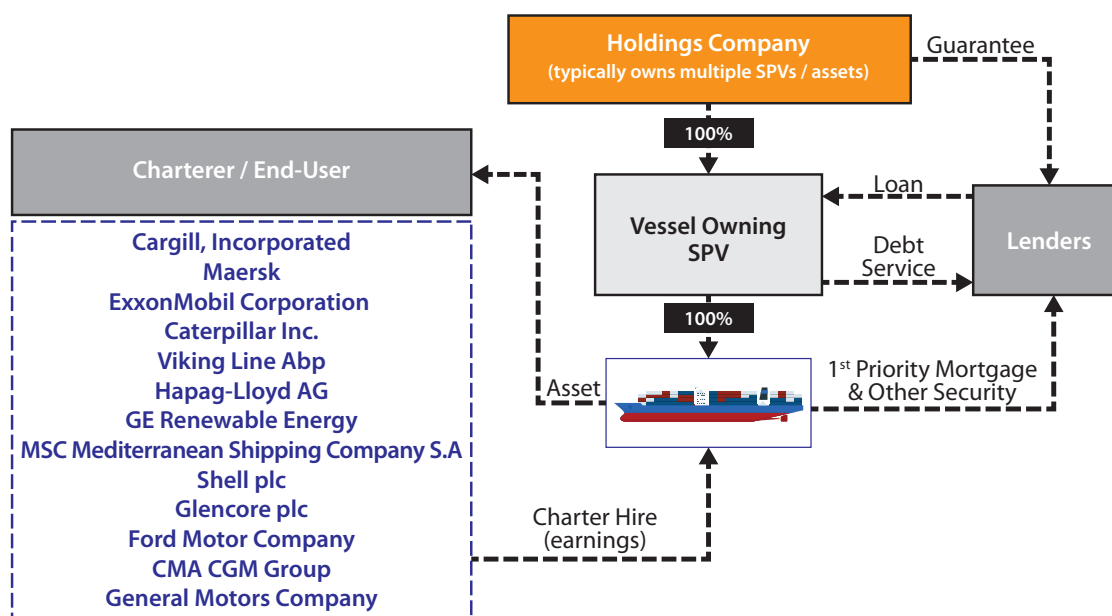
The business environment in which the Fund operates is a relatively high yield market. This market presents opportunities but not without risk. As described earlier, the holdings within the portfolio of private mortgages engage in a strategy that centers around taking on a suitable amount of project 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.

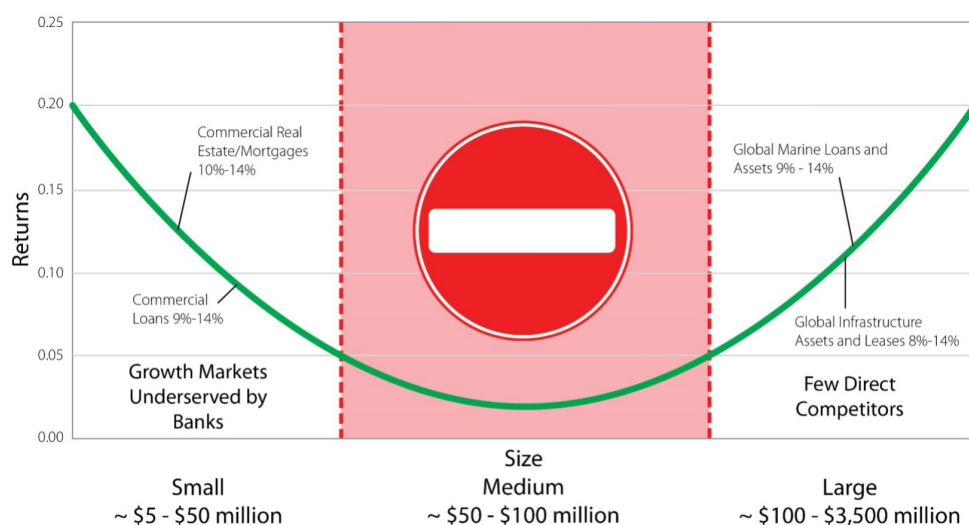
**Figure 23. Illustrative Example of Maritime Single Asset Recourse Financing**



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 24 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 24. 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 24 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 25, 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 25. 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      | 0.95% - 1.50%            | 5% - 20%        | 8% - 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

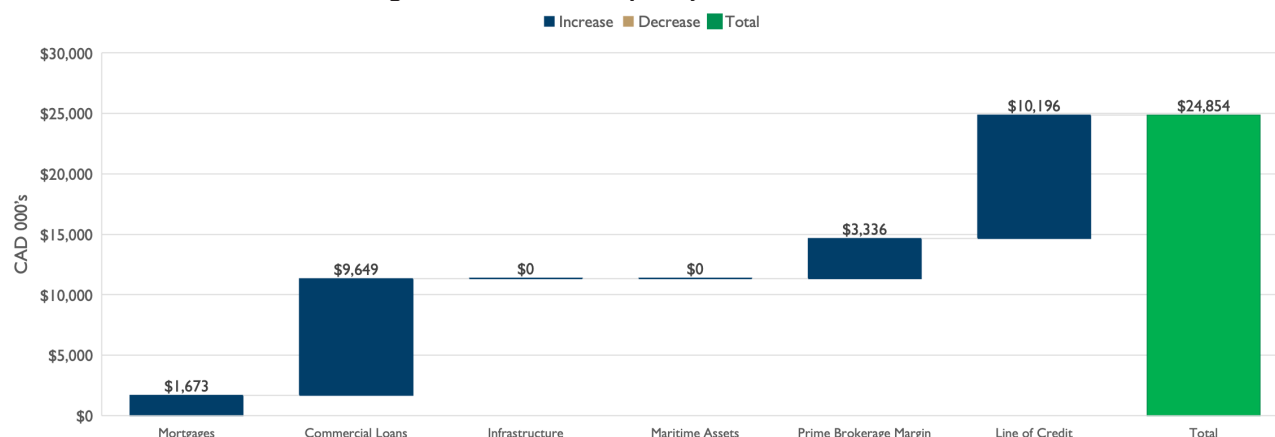
The liquidity of the Fund is an important consideration that we take into account when we conduct portfolio asset allocation. It is important that the Fund strives to meet its financial liabilities as they come due. The Fund continually balances the desire to earn the illiquidity premium on private asset 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 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% or the U.S. dollar three-month SOFR (Secured Overnight Financing 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, Clarien Bank could increase the rate of interest to 2% over the interest rate being charged at that time. Subsequent to June 30, 2025, the Partnership was approved for a temporary increase in its line of credit from US\$9,000,000 to US\$12,500,000.

The total leverage of the Fund (including preferred units) is 3.7% net of cash equivalents as at June 30, 2025 (December 31, 2024: 5.1%). 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 26 provides a breakdown of the liquidity options available to the Fund.

**Figure 26. Available Liquidity as of June 30, 2025<sup>4</sup>**



The assets within the portfolio generate cash distributions/payments on monthly and quarterly intervals. 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 including redemptions.

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 \$1,204,149 (December 31, 2024: \$1,132,204), while combined redemptions of common and preferred units averaged \$1,399,715 per month (December 31, 2024: \$1,363,708); however, actual monthly redemptions could differ significantly.

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 and the Fund is impacted by these realities. Nonetheless, the current selected borrowers across the Fund's four differentiated 'pillars' of assets continue to demonstrate resilience, and the Fund continues to deploy capital into its Infrastructure and Commercial Loans pillars to meet existing commitments dating from 2019 to 2022.

## 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 become 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 June 30, 2025, 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 588 loans across the K-series and direct lending portfolio that includes four defaulted loans and eleven real estate owned assets. Updates on each of these fifteen assets are listed below:

Historic Bank Block (Portland, Oregon) - Office: Bridge Debt IV is currently focused on leasing the vacant office and retail space at the property. Bridge Debt IV is also pursuing a tax appeal to reduce the tax expense at the asset. The Portland market continues to improve with more political focus on reviving the downtown market.

Landings at Northpoint (Houston, Texas) - Multifamily: Leasing is slowly improving, and Bridge Debt IV has been able to effectuate expense reductions such that the asset is now better than breakeven on cash flow. Current occupancy is at 58% versus 43% when Bridge Debt IV installed a new management company last year. Bridge Debt IV plans to continue to focus on improving leasing in 2025 and exit through a sale at stabilization.

The Reserve at Eagle Landing (Houston, Texas) - Multifamily: Bridge Debt IV continues to focus on defensive capital improvements and improving leasing at the asset. Property occupancy is only about 60%, and Bridge Debt IV is actively renovating units to facilitate lease-up. Bridge Debt IV was approached by a potential buyer, but they have subsequently declined to pursue the asset. Bridge Debt IV does not plan on marketing the property for sale until it sees greater stabilization in the occupancy.

Marq at Mueller (Austin, Texas) - Multifamily: Property occupancy is about 82%, which is in-line with market. Bridge Debt IV continues to focus on capital improvements and leasing while waiting for the excess supply in the market to be absorbed. The asset has positive cash flow, which can be used for capital improvements or distributions. Bridge Debt IV plans to stabilize the asset and sell once market conditions improve.

The Clark (Chicago, Illinois) - Multifamily: Bridge Debt IV is close to completing a foreclosure. The asset is of high quality and Bridge Debt IV's plan is to lease the vacant retail before looking to sell the asset. Bridge Debt IV has received significant unsolicited interest in the asset to date.

Westbridge Apartments (Little Rock, Arkansas) - Multifamily: Bridge Debt IV is currently pursuing a foreclosure on this asset and successfully installed a receiver at the asset. The property is about 80% occupied and has some deferred maintenance. Bridge Debt IV's plan is to foreclose, stabilize the asset and then sell.

Life at Westland (Fort Worth, Texas)/Life at Highland Village (Kansas City, Missouri)/Life at Madison (Madison, Wisconsin) - Multifamily: These three assets were all under the same borrower, who was having liquidity issues and was unable to maintain the assets or pay debt service. Westland and Highland are currently real-estate owned assets, and Bridge Debt IV plans to sell Westland for approximately US\$3.6 million above the loan amount. That sale is expected to close in 2025. Bridge Debt IV also has an offer on Highland above the loan amount and are in due diligence with the buyer. Bridge Debt IV expects to complete the foreclosure on Madison in late 2025 as the foreclosure process in Wisconsin is relatively onerous. Bridge Debt IV believes that asset is worth more than the loan amount based on broker indications.

Biscayne Apartments/South Hampton Apartments (Atlanta, Georgia) - Multifamily: The borrower on these assets exhibited weak management skills and ceased maintaining both assets. Bridge Debt IV completed a foreclosure on Biscayne last year and South Hampton in 2025. Bridge Debt IV is embarking on a program to fix and stabilize the assets and sell as a package once it has been able to cure some of the issues of previous ownership.

Ridgewood Apartments (Dallas, Texas) - Multifamily: Bridge Debt IV foreclosed on this asset early in the first quarter of 2025 as the borrower was unable to continue making debt service payments in the fourth quarter of 2024. The property is located in the Arlington sub-market of Dallas, which has had some softness due to new supply. The asset is performing well at 92% occupancy but there are some properties currently being sold in this market so Bridge Debt IV is awaiting price discovery from those sales before contemplating a sale.

Northlake Apartments (Jacksonville, Florida) - Multifamily: Bridge Debt IV completed a deed-in-lieu on this asset in the first quarter of 2025 and now controls the asset. The asset is close to stabilization, and the belief is that with some slight improvement in cash flows Bridge Debt IV may be able to sell the asset in the near future.

Mirage on Kernan (Jacksonville, Florida) - Multifamily: The borrower defaulted on the asset and offered Bridge Debt IV a deed-in-lieu on this asset in the first quarter of 2025 after failing to raise additional equity from investors. The asset is about 82% occupied and Bridge Debt IV's plan is to stabilize it and sell it. With some improvement in the cash flow, Bridge Debt IV should be able to recover its loan amount.

40th Avenue Industrial (Denver, Colorado) - Industrial: The borrower defaulted on the loan in the first quarter of 2025, and Bridge Debt IV has commenced foreclosure on the asset. Bridge Debt IV expects to take control of the asset in late 2025. The borrower originally purchased the building

with significant equity with a business plan to reposition the asset as urban industrial. Due to the timing of the deal (early 2022 purchase) and the sharp rise in interest rates since then, the borrower was unwilling to invest additional equity without a favourable restructure of the debt. Bridge Debt IV rejected their proposal and will proceed with leasing up the property without them.

The net exposure to the Fund across these eleven real-estate owned assets and four defaulted loans is about US\$319 million, or 6.7% of the overall gross asset value of Bridge Debt IV.

Parkview as manager of Parkview Financial completes mortgage loans, which are valued at amortized cost. Parkview is aware of nine loans within the portfolio that are in default and ten properties that are real estate owned. 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 Capital and Crown Credit 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. (RBee), 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 the CRA and Canadian Western Bank and a ~\$2 million distribution to the Fund. Legal action resulted in a favourable 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 and won a re-trial. The recovery estimate for this receivable is approximately 50%, pending the outcome of the re-trial. The overall recovery estimate stands at \$2.87 million pending the RMC re-trial of which the Fund's exposure is less than 0.4%.

Brookfield, Bridge, Incus, Sagard, Parkview, 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.
- Parkview uses the Altus Group Limited, a leading commercial real estate valuation advisory firm, to enhance its valuation process.

#### 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  $8\% \times \$110,000 \times 25\%$  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 June 30, 2025, we have assigned an overall rate of 0.28% on the outstanding balances of MarshallZehr's stage 1 mortgage portfolio. As at June 30, 2025, 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.

Within the portfolio holdings administered by MarshallZehr categorized as stage 2 and stage 3, 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. Beginning July 1, 2025, Parkview is now classifying its fund 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 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.

"The intersection between economic and security interests (i.e. geopolitics) is the systemic policy making challenge of our time..." (Jonathan Black, Britain's Deputy National Security Adviser) "... It increasingly dominates the agenda around the table not just at international summits but in individual country cabinet rooms and indeed company boardrooms". We are experiencing, as Paul Tucker, the former deputy Governor of the Bank of England phrased "the use of economic instruments to promote and defend national interests" noting in his book 'Global Discord' that such instruments include tariffs, regulatory constraints, aggressive currency devaluations, foreign asset purchases and controls over the export of energy and rare earths.

History tells us that pre 1914 there had been decades of globalization in the west. The first World War experienced protectionism, populist politics and nationalism, causing globalization and free trade to unravel. After 1945, western governments embraced Keynes ideas that the State should use public finances and institutions to manage domestic demand cycles with a focus on absolute welfare rather than relative welfare (i.e. who is winning). The 1980s shifted from John Maynard Keynes to Milton Friedman and the view (think Ronald Reagan and Margaret Thatcher) that markets and money shaped supply and demand and so the financial industry proliferated... until State economic intervention rose in the west in 2008 when governments bailed out banks and used quantitative easing to shape money markets (aka the Global Financial Crisis).

Today we are experiencing as Elmar Hellendoorn, a member of the GeoEconomics Center, phrased it "the domination of geopolitics by financial motives, markets, institutions and players". A group of economists at Stanford and Columbia have set up the Global Capital Allocation Project to conduct research to identify areas of the global economy particularly vulnerable to geo economic pressure; with the core thesis that China today has hegemonic control of manufacturing (via its dominance of key supply chain nodes such as rare earths) and the U.S. has hegemonic control of finance (because of the U.S. dollar's reserve currency status).

Meantime, the U.S. has an increasing debt problem and China an increasing age problem. Solutions for either or both could be found through improving productivity driven by technology, in particular the multifaceted uses of Artificial Intelligence... And so currently hegemonic control of technology is still being contested. To this end its noteworthy to consider that technology is fueled by energy/electrical consumption and sourced from the IEA and EIA (U.S. Energy Information Administration):



## Electricity Generation: Terawatt hours (1 Twh = 1 billion Kwh)

| Region      | 2024            | 2030 Projections | 2050 Projections |
|-------------|-----------------|------------------|------------------|
| USA         | ~4,350          | ~4,600 – 4,700   | ~6,300 – 6,500   |
| China       | ~9,600 – 10,000 | ~11,500 – 12,000 | ~15,000 – 18,000 |
| Europe & UK | ~3,200 – 3,400  | ~3,800 – 4,200   | ~6,000 – 6,500   |
| India       | ~1,950          | ~2,700 – 3,000   | ~6,000 – 8,000   |

It would seem myopic to view the world through a U.S./China lens. Across Asia, cross-border trade is still rising as for many countries globalization remains key, and the world's regions are looking to invest significantly in the power industry to fuel their own technology-led growth.

The Fund was created post the GFC and the increasing reluctance of banks to lend during a period of heightened regulatory scrutiny and liquidity challenges. Since its inception the Fund has negotiated: (i) the Oil price collapse (2014); (ii) U.S./China Trade war (POTUS Donald Trump's first term); (iii) COVID-19 (2019-2021); Russia/Ukraine War (2022 – ongoing); (iv) Middle East conflicts (2024 - ongoing); (v) U.S. Global Trade War (2025) and expects to navigate more as history repeats itself with the consequent need to remain vigilant and nimble to adapt to economic cycles and ongoing geopolitics.

## Thank You

As the Fund is in its thirteenth year of operations, it has attracted about 2,700 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. 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.*

*3. MarshallZehr Group Inc. Mortgage Administration #11955 Mortgage Brokerage #12453.*

*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.

*"Michael Lee-Chin"*

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

*"Tony Cheung"*

**Tony Cheung**  
**Chief Financial Officer**  
**October 27, 2025**

These financial statements have not been reviewed by an independent auditor.

## Statements of Financial Position (Unaudited)

|                                                                          | As at         |                    | As at             |                    |
|--------------------------------------------------------------------------|---------------|--------------------|-------------------|--------------------|
|                                                                          | June 30, 2025 |                    | December 31, 2024 |                    |
| <b>Assets</b>                                                            |               |                    |                   |                    |
| Cash and cash equivalents                                                | \$            | 925                | \$                | 924,215            |
| Margin accounts (note 11)                                                |               | 2,949              |                   | 2,066              |
| Subscriptions receivable                                                 |               | 75,559             |                   | 1,085,608          |
| Receivable for investments sold                                          |               | 752,000            |                   | -                  |
| Interest receivable                                                      |               | 368,736            |                   | 206,971            |
| Investments (note 5)                                                     |               | 147,938,128        |                   | 153,468,923        |
| Investments - pledged as collateral (note 5 and 11)                      |               | -                  |                   | 17,321             |
|                                                                          |               | <u>149,138,297</u> |                   | <u>155,705,104</u> |
| <b>Liabilities</b>                                                       |               |                    |                   |                    |
| Management fees payable (note 8)                                         |               | 402,309            |                   | 413,518            |
| Expenses payable                                                         |               | 550,769            |                   | 495,881            |
| Redemptions payable                                                      |               | 2,262,812          |                   | 1,985,017          |
| Distributions payable                                                    |               | 812,768            |                   | 784,838            |
| Derivative liabilities                                                   |               | -                  |                   | 1,078              |
|                                                                          |               | <u>4,028,658</u>   |                   | <u>3,680,332</u>   |
| <b>Net Assets Attributable to Holders of Redeemable Units</b>            | <b>\$</b>     | <b>145,109,639</b> | <b>\$</b>         | <b>152,024,772</b> |
| <b>Net Assets Attributable to Holders of Redeemable Units Per Series</b> |               |                    |                   |                    |
| Series AP                                                                |               | 155,764            |                   | 252,228            |
| Series FP                                                                |               | 1,162,136          |                   | 1,310,863          |
| Series A                                                                 |               | 24,179,792         |                   | 25,179,898         |
| Series F                                                                 |               | 119,607,644        |                   | 125,277,593        |
| Series O                                                                 |               | 4,303              |                   | 4,190              |
|                                                                          | <b>\$</b>     | <b>145,109,639</b> | <b>\$</b>         | <b>152,024,772</b> |
| <b>Number of Redeemable Units Outstanding (note 6)</b>                   |               |                    |                   |                    |
| Series AP                                                                |               | 15,577             |                   | 25,223             |
| Series FP                                                                |               | 116,213            |                   | 131,086            |
| Series A                                                                 |               | 670,342            |                   | 673,376            |
| Series F                                                                 |               | 3,158,269          |                   | 3,196,973          |
| Series O                                                                 |               | 122                |                   | 115                |
| <b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>   |               |                    |                   |                    |
| Series AP                                                                | \$            | 10.00              | \$                | 10.00              |
| Series FP                                                                | \$            | 10.00              | \$                | 10.00              |
| Series A                                                                 | \$            | 36.07              | \$                | 37.39              |
| Series F                                                                 | \$            | 37.87              | \$                | 39.19              |
| Series O                                                                 | \$            | 35.17              | \$                | 36.58              |

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

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

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

## Statements of Comprehensive Income (Loss) (Unaudited)

| For the periods ended June 30,                                                                  | 2025                | 2024                   |
|-------------------------------------------------------------------------------------------------|---------------------|------------------------|
| <b>Income</b>                                                                                   |                     |                        |
| Securityholder redemption fees                                                                  | \$ 34,406           | \$ 18,533              |
| Net gain (loss) on investments and derivatives                                                  |                     |                        |
| Dividends                                                                                       | -                   | 1,771                  |
| Interest for distribution purposes                                                              | 459,784             | 843,857                |
| Net realized gain (loss) on investments                                                         | 3,728,074           | 3,251,293              |
| Net realized gain (loss) on options                                                             | 1,998               | 4,612                  |
| Change in unrealized appreciation (depreciation) on investments and derivatives                 | 523,777             | (21,159,695)           |
|                                                                                                 | <u>4,748,039</u>    | <u>(17,039,629)</u>    |
| <b>Other Income</b>                                                                             |                     |                        |
| Foreign exchange gain (loss) on cash and other net assets                                       | 1,708               | (1,508)                |
| <b>Total Income (Loss)</b>                                                                      | <u>4,749,747</u>    | <u>(17,041,137)</u>    |
| <b>Expenses</b>                                                                                 |                     |                        |
| Management fees (note 8)                                                                        | 423,087             | 512,731                |
| Legal fees                                                                                      | 221,189             | 66,219                 |
| Securityholder reporting costs (note 8)                                                         | 217,421             | 118,305                |
| Provision for credit losses (note 5)                                                            | 213,290             | 2,608,877              |
| Service fees (note 8)                                                                           | 139,394             | 173,598                |
| Mortgage administration fees                                                                    | 31,444              | 119,932                |
| Audit fees                                                                                      | 25,665              | 7,643                  |
| Custodial fees                                                                                  | 5,324               | 1,180                  |
| Independent review committee fees                                                               | 1,387               | 1,228                  |
| Bank charges                                                                                    | 73                  | 253                    |
| Transaction costs                                                                               | 72                  | 492                    |
| Bad debt - mortgages (note 5)                                                                   | -                   | 290,030                |
| <b>Total Operating Expenses</b>                                                                 | <u>1,278,346</u>    | <u>3,900,488</u>       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>            | <u>\$ 3,471,401</u> | <u>\$ (20,941,625)</u> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b> |                     |                        |
| Series AP                                                                                       | \$ 4,080            | \$ 4,648               |
| Series FP                                                                                       | \$ 28,846           | \$ 75,939              |
| Series A                                                                                        | \$ 454,360          | \$ (3,766,770)         |
| Series F                                                                                        | \$ 2,984,002        | \$ (17,254,924)        |
| Series O                                                                                        | \$ 113              | \$ (518)               |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>   |                     |                        |
| Series AP                                                                                       | \$ 0.19             | \$ 0.18                |
| Series FP                                                                                       | \$ 0.24             | \$ 0.23                |
| Series A                                                                                        | \$ 0.68             | \$ (5.37)              |
| Series F                                                                                        | \$ 0.93             | \$ (5.25)              |
| Series O                                                                                        | \$ 0.96             | \$ (4.97)              |

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

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

| For the periods ended June 30,                                                       | 2025                  | 2024                  |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b> |                       |                       |
| 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                 |
|                                                                                      | <u>152,024,772</u>    | <u>188,967,117</u>    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b> |                       |                       |
| Series AP                                                                            | 4,080                 | 4,648                 |
| Series FP                                                                            | 28,846                | 75,939                |
| Series A                                                                             | 454,360               | (3,766,770)           |
| Series F                                                                             | 2,984,002             | (17,254,924)          |
| Series O                                                                             | 113                   | (518)                 |
|                                                                                      | <u>3,471,401</u>      | <u>(20,941,625)</u>   |
| <b>Distributions to Holders of Redeemable Units</b>                                  |                       |                       |
| From net investment income                                                           |                       |                       |
| Series AP                                                                            | (4,080)               | (4,648)               |
| Series FP                                                                            | (28,846)              | (75,939)              |
| Series A                                                                             | (1,339,770)           | (1,226,723)           |
| Series F                                                                             | (7,194,640)           | (6,624,478)           |
| Series O                                                                             | (280)                 | (221)                 |
|                                                                                      | <u>(8,567,616)</u>    | <u>(7,932,009)</u>    |
| <b>Net Decrease from Distributions to Holders of Redeemable Units</b>                |                       |                       |
|                                                                                      |                       |                       |
| <b>Redeemable Unit Transactions</b>                                                  |                       |                       |
| Proceeds from redeemable units issued                                                |                       |                       |
| Series AP                                                                            | -                     | 2                     |
| Series FP                                                                            | -                     | 15                    |
| Series A                                                                             | 975                   | 283,581               |
| Series F                                                                             | 1,263,866             | 2,812,524             |
| Series O                                                                             | -                     | -                     |
|                                                                                      | <u>1,264,841</u>      | <u>3,096,122</u>      |
| Reinvestments of distributions                                                       |                       |                       |
| Series AP                                                                            | 3,536                 | 4,104                 |
| Series FP                                                                            | 24,715                | 30,361                |
| Series A                                                                             | 542,745               | 597,509               |
| Series F                                                                             | 3,221,094             | 3,204,496             |
| Series O                                                                             | 280                   | 221                   |
|                                                                                      | <u>3,792,370</u>      | <u>3,836,692</u>      |
| Redemptions of redeemable units                                                      |                       |                       |
| Series AP                                                                            | (100,000)             | (6,620)               |
| Series FP                                                                            | (173,442)             | (1,311,035)           |
| Series A                                                                             | (658,416)             | (476,931)             |
| Series F                                                                             | (5,944,271)           | (7,527,724)           |
| Series O                                                                             | -                     | -                     |
|                                                                                      | <u>(6,876,129)</u>    | <u>(9,322,310)</u>    |
|                                                                                      | <u>(1,818,918)</u>    | <u>(2,389,496)</u>    |
| <b>Net Increase (Decrease) from Redeemable Unit Transactions</b>                     |                       |                       |
|                                                                                      |                       |                       |
| <b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>       |                       |                       |
| Series AP                                                                            | 155,764               | 248,146               |
| Series FP                                                                            | 1,162,136             | 2,804,781             |
| Series A                                                                             | 24,179,792            | 26,540,309            |
| Series F                                                                             | 119,607,644           | 128,106,780           |
| Series O                                                                             | 4,303                 | 3,970                 |
|                                                                                      | <u>\$ 145,109,639</u> | <u>\$ 157,703,986</u> |

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

## Statements of Cash Flows (Unaudited)

| For the periods ended June 30,                                                  | 2025               | 2024               |
|---------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                                     |                    |                    |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units   | \$ 3,471,401       | \$ (20,941,625)    |
| Adjustments for:                                                                |                    |                    |
| Net realized (gain) loss on investments                                         | (3,728,074)        | (3,251,293)        |
| Net realized (gain) loss on options                                             | (1,998)            | (4,612)            |
| Change in unrealized (appreciation) depreciation on investments and derivatives | (523,777)          | 21,159,695         |
| Unrealized foreign exchange (gain) loss on cash                                 | -                  | (143)              |
| Provision for credit losses                                                     | 213,290            | 2,608,876          |
| (Increase) decrease in interest receivable                                      | (428,942)          | (100,892)          |
| (Increase) decrease in dividends receivable                                     | -                  | 108                |
| Increase (decrease) in management fees and expenses payable                     | 43,679             | 875,565            |
| Purchase of investments                                                         | -                  | (663,240)          |
| Proceeds from sale of investments                                               | 9,102,774          | 7,509,474          |
| <b>Net Cash Generated (Used) by Operating Activities</b>                        | <b>8,148,353</b>   | <b>7,191,913</b>   |
| <b>Cash Flows from Financing Activities</b>                                     |                    |                    |
| Change in margin cash                                                           | (883)              | (72,980)           |
| Distributions to holders of redeemable units, net of reinvested distributions   | (4,747,316)        | (3,993,817)        |
| Proceeds from redeemable units issued (note 3)                                  | 2,146,506          | 3,772,784          |
| Amount paid on redemption of redeemable units (note 3)                          | (6,469,950)        | (8,439,594)        |
| <b>Net Cash Generated (Used) by Financing Activities</b>                        | <b>(9,071,643)</b> | <b>(8,733,608)</b> |
| Net increase (decrease) in cash and cash equivalents                            | (923,290)          | (1,541,695)        |
| Unrealized foreign exchange gain (loss) on cash                                 | -                  | 143                |
| Cash and cash equivalents - beginning of period                                 | 924,215            | 1,541,730          |
| <b>Cash and cash equivalents - end of period</b>                                | <b>925</b>         | <b>178</b>         |
| <b>Cash and cash equivalents comprise:</b>                                      |                    |                    |
| Cash at bank                                                                    | \$ 925             | \$ 178             |
| <b>From operating activities:</b>                                               |                    |                    |
| Interest received, net of withholding tax                                       | \$ 298,019         | \$ 742,965         |
| Dividends received, net of withholding tax                                      | \$ -               | \$ 1,879           |
| <b>From financing activities:</b>                                               |                    |                    |
| Interest paid                                                                   | \$ 73              | \$ 268             |
| Distributions paid                                                              | \$ 4,747,316       | \$ 3,993,817       |

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



## Schedule of Investment Portfolio (Unaudited)

as at June 30, 2025

| No. of Units             | Description                                                   | Average Cost  | Fair Value/<br>Amortized Cost | % of Net Assets<br>Attributable to Holders<br>of Redeemable Units |
|--------------------------|---------------------------------------------------------------|---------------|-------------------------------|-------------------------------------------------------------------|
| <b>EQUITIES - COMMON</b> |                                                               |               |                               |                                                                   |
| <b>United States</b>     |                                                               |               |                               |                                                                   |
| 8,000                    | Altice USA, Inc.                                              | \$ 75,304     | \$ 23,313                     | -                                                                 |
|                          | <b>Total equities - common</b>                                | 75,304        | 23,313                        | -                                                                 |
| <b>UNDERLYING FUNDS</b>  |                                                               |               |                               |                                                                   |
| <b>Canada</b>            |                                                               |               |                               |                                                                   |
| 1,266,175                | Portland Private Income LP Class B                            | 90,473,019    | 147,217,542                   | 101.5%                                                            |
|                          | <b>Total underlying funds</b>                                 | 90,473,019    | 147,217,542                   | 101.5%                                                            |
| <b>MORTGAGES</b>         |                                                               |               |                               |                                                                   |
| <b>Canada</b>            |                                                               |               |                               |                                                                   |
|                          | Private Mortgage Loans (note 5)*                              | 3,095,069     | 697,273                       | 0.5%                                                              |
|                          | <b>Total mortgages</b>                                        | 3,095,069     | 697,273                       | 0.5%                                                              |
|                          | <b>Total investment portfolio</b>                             | 93,643,392    | 147,938,128                   | 101.9%                                                            |
|                          | Transaction costs                                             | (12)          | -                             | -                                                                 |
|                          |                                                               | \$ 93,643,380 | 147,938,128                   | 101.9%                                                            |
|                          | Liabilities less other assets                                 |               | (2,828,489)                   | (1.9%)                                                            |
|                          | <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b> |               | \$ 145,109,639                | 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 October 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 June 30, 2025 and December 31, 2024. 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 six-month periods ended June 30, 2025 and 2024. The schedule of investment portfolio is as at June 30, 2025.

## 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 or 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 six-month period ended June 30, 2025, the Fund distributed \$8,567,615 to unitholders (June 30, 2024: \$7,932,009).

### 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 six-month period ended June 30, 2025, \$128,384 non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows (June 30, 2024: \$109,947).

**Future accounting changes**

There are no new accounting standards effective after January 1, 2025 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 June 30, 2025 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 \$14,724,086 (December 31, 2024: \$15,284,286). 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 June 30, 2025, 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 June 30, 2025 and December 31, 2024:

|                   | 0% - 11.99%<br>(\$) | 12% - 12.99%<br>(\$) | 13% - 13.99%<br>(\$) | 14% - 14.99%<br>(\$) | 15% - 15.99%<br>(\$) | Greater than 15.99%<br>(\$) | Total<br>(\$) |
|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------|---------------|
| June 30, 2025     | 697,273             | -                    | -                    | -                    | -                    | -                           | 697,273       |
| December 31, 2024 | 643,385             | -                    | -                    | -                    | -                    | -                           | 643,385       |

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 June 30, 2025 and December 31, 2024, 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.

| June 30, 2025                                               | Exposure         |                      |               | Impact on net assets attributable to holders of redeemable units |                      |               |
|-------------------------------------------------------------|------------------|----------------------|---------------|------------------------------------------------------------------|----------------------|---------------|
|                                                             | Monetary<br>(\$) | Non-monetary<br>(\$) | Total<br>(\$) | Monetary<br>(\$)                                                 | Non-monetary<br>(\$) | Total<br>(\$) |
| United States Dollar                                        | 1,885            | 23,313               | 25,198        | 189                                                              | 2,331                | 2,520         |
| <b>Total</b>                                                | <b>1,885</b>     | <b>23,313</b>        | <b>25,198</b> | <b>189</b>                                                       | <b>2,331</b>         | <b>2,520</b>  |
| % of net assets attributable to holders of redeemable units | -                | -                    | -             | -                                                                | -                    | -             |

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

### 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 \$1,204,149 (December 31, 2024: \$1,132,204), while combined redemptions of common and preferred units averaged \$1,399,715 per month (December 31, 2024: \$1,363,708); however, actual monthly redemptions could differ significantly. The portfolio receives 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 June 30, 2025, 0.4% of the portfolio is held in publicly traded securities (December 31, 2024: 0.7%).

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 are presented in the table below. There were no put options held as at June 30, 2025.

|                   | Less than 1 month<br>(\$) | 1 to 3 months<br>(\$) | Total<br>(\$) |
|-------------------|---------------------------|-----------------------|---------------|
| December 31, 2024 | (17,500)                  | -                     | (17,500)      |

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 signs 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 into Stages and the respective ECL as at June 30, 2025 and December 31, 2024:

| June 30, 2025    | Number of Loans | Principal + Accrued Interest (\$) | ECL Amount (\$)    | ECL Rate |
|------------------|-----------------|-----------------------------------|--------------------|----------|
| Direct Mortgages |                 |                                   |                    |          |
| Stage 1          | -               | -                                 | -                  | -        |
| Stage 2          | 1               | 1,434,728                         | (368,728)          | 25.7%    |
| Stage 3          | 3               | 3,231,432                         | (3,231,432)        | 100.0%   |
| <b>Total</b>     | <b>4</b>        | <b>4,666,160</b>                  | <b>(3,600,160)</b> |          |

| 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%   |
| <b>Total</b>      | <b>4</b>        | <b>4,239,669</b>                  | <b>(3,386,869)</b> |          |

The following is a summary of the Direct Mortgages held by the Fund as at June 30, 2025 and December 31, 2024:

| June 30, 2025    | Number of Mortgages | Carrying Value (\$) | Carrying Value + Accrued Interest (\$) |
|------------------|---------------------|---------------------|----------------------------------------|
| First Mortgages  | 1                   | 697,273             | 1,066,000                              |
| Second Mortgages | 1                   | -                   | -                                      |
| Third Mortgages  | 2                   | -                   | -                                      |
| <b>Total</b>     | <b>4</b>            | <b>697,273</b>      | <b>1,066,000</b>                       |

| 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                   | -                   | -                                      |
| <b>Total</b>      | <b>4</b>            | <b>643,385</b>      | <b>852,800</b>                         |

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at June 30, 2025 and December 31, 2024:

|                   | Pre-development (\$) | Pre-development/Construction (\$) | Construction (\$) | Term (\$) | Total (\$) |
|-------------------|----------------------|-----------------------------------|-------------------|-----------|------------|
| June 30, 2025     | -                    | 697,273                           | -                 | -         | 697,273    |
| December 31, 2024 | -                    | 643,385                           | -                 | -         | 643,385    |

The following is a summary of the maturity profile of the Direct Mortgages as at June 30, 2025 and December 31, 2024:

|                   | 12 months or less (\$) | 13 to 24 months (\$) | 25 to 36 months (\$) | Total (\$) |
|-------------------|------------------------|----------------------|----------------------|------------|
| June 30, 2025     | 697,273                | -                    | -                    | 697,273    |
| December 31, 2024 | 643,385                | -                    | -                    | 643,385    |

During the six-month period ended June 30, 2025, no additional mortgage loans were written off to bad debt 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 June 30, 2025 and December 31, 2024:

| As at June 30, 2025     | Assets (Liabilities) |                    |              | Total (\$)         |
|-------------------------|----------------------|--------------------|--------------|--------------------|
|                         | Level 1 (\$)         | Level 2 (\$)       | Level 3 (\$) |                    |
| Underlying Funds - Long | -                    | 147,217,542        | -            | 147,217,542        |
| Equities - Long         | 23,313               | -                  | -            | 23,313             |
| <b>Total</b>            | <b>23,313</b>        | <b>147,217,542</b> | <b>-</b>     | <b>147,240,855</b> |

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

### 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 June 30, 2025 and December 31, 2024 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.

| June 30, 2025              | Investment at Fair Value<br>(\$) | Net Asset Value<br>(\$) | % of Net Asset Value |
|----------------------------|----------------------------------|-------------------------|----------------------|
| Portland Private Income LP | 147,217,542                      | 147,217,654             | 100.0%               |

| December 31, 2024          | Investment at Fair Value<br>(\$) | Net Asset Value<br>(\$) | % of Net Asset Value |
|----------------------------|----------------------------------|-------------------------|----------------------|
| Portland Private Income LP | 152,815,145                      | 152,815,254             | 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 six-month periods ended June 30, 2025 and 2024 was as follows:

| June 30, 2025 | 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     | 25,223            | -                                                 | 354              | 10,000                                            | 15,577         | 21,987                           |
| Series FP     | 131,086           | -                                                 | 2,472            | 17,345                                            | 116,213        | 122,698                          |
| Series A      | 673,376           | 27                                                | 14,786           | 17,847                                            | 670,342        | 669,963                          |
| Series F      | 3,196,973         | 32,748                                            | 83,634           | 155,086                                           | 3,158,269      | 3,201,394                        |
| Series O      | 115               | -                                                 | 7                | -                                                 | 122            | 118                              |

| June 30, 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            | -                                                 | 411              | 662                                               | 24,815         | 25,136                           |
| Series FP     | 408,544           | 1                                                 | 3,036            | 131,103                                           | 280,478        | 323,306                          |
| Series A      | 695,259           | 6,450                                             | 13,935           | 11,459                                            | 704,185        | 701,103                          |
| Series F      | 3,283,586         | 61,263                                            | 71,712           | 166,697                                           | 3,249,864      | 3,288,401                        |
| Series O      | 102               | -                                                 | 5                | -                                                 | 107            | 104                              |

## 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 six-month periods ended June 30, 2025 and 2024. 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 (\$) |
|---------------|----------------------|-------------------|--------------------------------------|-------------------------|-----------------------------------------------------------------|
| June 30, 2025 | 377,221              | 124,272           | 222,714                              | -                       | 1,424                                                           |
| June 30, 2024 | 450,983              | 155,642           | 173,209                              | -                       | 784                                                             |

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 (\$) |
|-------------------|----------------------|-------------------|--------------------------------------|-------------------------|
| June 30, 2025     | 363,466              | 124,256           | 222,714                              | -                       |
| December 31, 2024 | 374,443              | 133,865           | 300,837                              | -                       |

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 June 30, 2025, Related Parties held 484,461 Series F Common Units, 122 Series O Common Units and 8,105 Series FP Preferred Units (December 31, 2024: 466,348 Series F Common Units, 115 Series O Common Units and 8,105 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. RECONCILIATION OF NAV PER UNITS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

There were no differences as at June 30, 2025 and December 31, 2024.

## 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

# Interim Financial Report

June 30, 2025

### ■ PARTNERSHIP INFORMATION

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

## Statements of Financial Position (Unaudited)

|                                                                         | As at         |                    | As at             |                    |
|-------------------------------------------------------------------------|---------------|--------------------|-------------------|--------------------|
|                                                                         | June 30, 2025 |                    | December 31, 2024 |                    |
| <b>Assets</b>                                                           |               |                    |                   |                    |
| Cash and cash equivalents                                               | \$            | 105,792            | \$                | 103,410            |
| Margin accounts (note 11)                                               |               | 49,560,709         |                   | 50,440,068         |
| Receivable for investments sold                                         |               | 254,981            |                   | 101,992            |
| Interest receivable                                                     |               | 22,596,969         |                   | 22,105,562         |
| Dividends receivable                                                    |               | 53,329             |                   | 467,971            |
| Investments (note 5)                                                    |               | 123,616,796        |                   | 133,414,402        |
| Derivative assets                                                       |               | 597,228            |                   | 45,641             |
|                                                                         |               | <u>196,785,804</u> |                   | <u>206,679,046</u> |
| <b>Liabilities</b>                                                      |               |                    |                   |                    |
| Borrowing (note 11)                                                     |               | 48,377,420         |                   | 52,445,297         |
| Expenses payable                                                        |               | 382,881            |                   | 372,251            |
| Redemptions payable                                                     |               | 752,000            |                   | -                  |
| Derivative liabilities                                                  |               | 55,749             |                   | 1,046,144          |
|                                                                         |               | <u>49,568,050</u>  |                   | <u>53,863,692</u>  |
| <b>Net Assets Attributable to Holders of Redeemable Units</b>           | \$            | <u>147,217,754</u> | \$                | <u>152,815,354</u> |
| <b>Equity</b>                                                           |               |                    |                   |                    |
| General Partner's Equity                                                |               | <u>100</u>         |                   | <u>100</u>         |
| <b>Net Assets Attributable to Holders of Redeemable Units Per Class</b> |               |                    |                   |                    |
| Class A                                                                 |               | 112                |                   | 109                |
| Class B                                                                 |               | <u>147,217,542</u> |                   | <u>152,815,145</u> |
|                                                                         | \$            | <u>147,217,654</u> | \$                | <u>152,815,254</u> |
| <b>Number of Redeemable Units Outstanding (note 6)</b>                  |               |                    |                   |                    |
| Class A                                                                 |               | 1                  |                   | 1                  |
| Class B                                                                 |               | <u>1,266,175</u>   |                   | <u>1,351,905</u>   |
| <b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>  |               |                    |                   |                    |
| Class A                                                                 | \$            | 111.63             | \$                | 108.81             |
| Class B                                                                 | \$            | <u>116.27</u>      | \$                | <u>113.04</u>      |

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) (Unaudited)

| For the periods ended June 30,                                                                 | 2025                | 2024                   |
|------------------------------------------------------------------------------------------------|---------------------|------------------------|
| <b>Income</b>                                                                                  |                     |                        |
| Net gain (loss) on investments and derivatives                                                 |                     |                        |
| Dividends                                                                                      | \$ 4,803,010        | \$ 5,534,489           |
| Interest for distribution purposes                                                             | 5,652,242           | 6,172,587              |
| Net realized gain (loss) on investments                                                        | 331,531             | 1,063,173              |
| Net realized gain (loss) on options                                                            | -                   | 2,924                  |
| Net realized gain (loss) on forward currency contracts                                         | (78,349)            | (427,636)              |
| Change in unrealized appreciation (depreciation) on investments and derivatives                | (5,071,170)         | (8,881,967)            |
|                                                                                                | <u>5,637,264</u>    | <u>3,463,570</u>       |
| <b>Other Income</b>                                                                            |                     |                        |
| Foreign exchange gain (loss) on cash and other net assets                                      | 2,388,498           | (1,688,093)            |
| <b>Total Income (Loss)</b>                                                                     | <u>8,025,762</u>    | <u>1,775,477</u>       |
| <b>Expenses</b>                                                                                |                     |                        |
| Provision for credit losses (note 5)                                                           | 2,188,319           | 17,839,383             |
| Interest expense and bank charges (note 11)                                                    | 712,182             | 1,126,347              |
| Mortgage administration fees                                                                   | 635,309             | 596,881                |
| Securityholder reporting costs (note 8)                                                        | 245,361             | 58,076                 |
| Arrangement fee-Clarien Bank (note 11)                                                         | 38,566              | -                      |
| Withholding tax expense                                                                        | 26,460              | 1,144                  |
| Custodial fees                                                                                 | 24,646              | 4,007                  |
| Legal fees                                                                                     | 93                  | -                      |
| Transaction costs                                                                              | 7                   | 1,111                  |
| Bad debt - mortgages (note 5)                                                                  | -                   | 4,519                  |
| Audit fees                                                                                     | (101,281)           | 68,617                 |
| <b>Total Operating Expenses</b>                                                                | <u>3,769,662</u>    | <u>19,700,085</u>      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>           | <u>\$ 4,256,100</u> | <u>\$ (17,924,608)</u> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class</b> |                     |                        |
| Class A                                                                                        | \$ 3                | \$ (12)                |
| Class B                                                                                        | \$ 4,256,097        | \$ (17,924,596)        |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>  |                     |                        |
| Class A                                                                                        | \$ 2.80             | \$ (12.70)             |
| Class B                                                                                        | \$ 3.25             | \$ (11.98)             |

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

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

| For the periods ended June 30,                                                       | 2025                  | 2024                  |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b> |                       |                       |
| Class A                                                                              | \$ 109                | \$ 117                |
| Class B                                                                              | 152,815,145           | 181,630,804           |
|                                                                                      | <u>152,815,254</u>    | <u>181,630,921</u>    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b> |                       |                       |
| Class A                                                                              | 3                     | (12)                  |
| Class B                                                                              | 4,256,097             | (17,924,596)          |
|                                                                                      | <u>4,256,100</u>      | <u>(17,924,608)</u>   |
| <b>Redeemable Unit Transactions</b>                                                  |                       |                       |
| Proceeds from redeemable units issued                                                |                       |                       |
| Class A                                                                              | -                     | -                     |
| Class B                                                                              | 806,700               | -                     |
|                                                                                      | <u>806,700</u>        | <u>-</u>              |
| Redemptions of redeemable units                                                      |                       |                       |
| Class A                                                                              | -                     | -                     |
| Class B                                                                              | (10,660,400)          | (8,184,000)           |
|                                                                                      | <u>(10,660,400)</u>   | <u>(8,184,000)</u>    |
| <b>Net Increase (Decrease) from Redeemable Unit Transactions</b>                     | <u>(9,853,700)</u>    | <u>(8,184,000)</u>    |
| <b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>       |                       |                       |
| Class A                                                                              | 112                   | 105                   |
| Class B                                                                              | 147,217,542           | 155,522,208           |
|                                                                                      | <u>\$ 147,217,654</u> | <u>\$ 155,522,313</u> |

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

## Statements of Cash Flows (Unaudited)

| For the periods ended June 30,                                                  | 2025                | 2024                |
|---------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                     |                     |                     |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units   | \$ 4,256,100        | \$ (17,924,608)     |
| Adjustments for:                                                                |                     |                     |
| Net realized (gain) loss on investments                                         | (331,531)           | (1,063,173)         |
| Net realized (gain) loss on options                                             | -                   | (2,924)             |
| Change in unrealized (appreciation) depreciation on investments and derivatives | 5,071,170           | 8,881,967           |
| Unrealized foreign exchange (gain) loss on cash                                 | (520,183)           | (26,869,247)        |
| Provision for credit losses                                                     | 2,188,319           | 17,839,383          |
| (Increase) decrease in interest receivable                                      | (3,256,229)         | (2,849,065)         |
| (Increase) decrease in dividends receivable                                     | 414,642             | 110,204             |
| Increase (decrease) in expenses payable                                         | 10,630              | 70,264              |
| Purchase of investments                                                         | (4,673,083)         | (19,371,031)        |
| Proceeds from sale of investments                                               | 8,612,582           | 22,068,230          |
| <b>Net Cash Generated (Used) by Operating Activities</b>                        | <b>11,772,417</b>   | <b>(19,110,000)</b> |
| <b>Cash Flows from Financing Activities</b>                                     |                     |                     |
| Increase (decrease) in borrowing                                                | (4,067,877)         | (7,090,933)         |
| Change in margin cash                                                           | 879,359             | 4,981,099           |
| Proceeds from redeemable units issued (note 3)                                  | 806,700             | -                   |
| Amount paid on redemption of redeemable units (note 3)                          | (9,908,400)         | (5,713,400)         |
| <b>Net Cash Generated (Used) by Financing Activities</b>                        | <b>(12,290,218)</b> | <b>(7,823,234)</b>  |
| Net increase (decrease) in cash and cash equivalents                            | (517,801)           | (26,933,234)        |
| Unrealized foreign exchange gain (loss) on cash                                 | 520,183             | 26,869,247          |
| Cash and cash equivalents - beginning of period                                 | 103,410             | 204,999             |
| <b>Cash and cash equivalents - end of period</b>                                | <b>105,792</b>      | <b>141,012</b>      |
| <b>Cash and cash equivalents comprise:</b>                                      |                     |                     |
| Cash at bank                                                                    | \$ 105,792          | \$ 141,012          |
| <b>From operating activities:</b>                                               |                     |                     |
| Interest received, net of withholding tax                                       | \$ 2,369,553        | \$ 3,323,522        |
| Dividends received, net of withholding tax                                      | \$ 5,217,652        | \$ 5,643,549        |
| <b>From financing activities:</b>                                               |                     |                     |
| Interest paid                                                                   | \$ 617,488          | \$ 1,089,379        |

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

## Schedule of Investment Portfolio (Unaudited)

As at June 30, 2025

| No. of Units/<br>Shares/<br>Face Value         | Description                                                                               | Average Cost   | Fair Value/<br>Amortized Cost | % of Net Assets<br>Attributable<br>to Holders of<br>Redeemable Units |
|------------------------------------------------|-------------------------------------------------------------------------------------------|----------------|-------------------------------|----------------------------------------------------------------------|
| <b>LOAN PARTICIPATION AGREEMENTS</b>           |                                                                                           |                |                               |                                                                      |
| <b>Canada</b>                                  |                                                                                           |                |                               |                                                                      |
|                                                | Crown Capital Partner Fund, LP - Rokstad Holdings Corporation                             | \$ 2,500,000   | \$ 247,250                    |                                                                      |
|                                                | <b>Total loan participation agreements</b>                                                | 2,500,000      | 247,250                       | 0.2%                                                                 |
| <b>EQUITIES - COMMON</b>                       |                                                                                           |                |                               |                                                                      |
| <b>Canada</b>                                  |                                                                                           |                |                               |                                                                      |
| 644,400                                        | Crown Capital Partners Inc.                                                               | 5,510,255      | 557,406                       |                                                                      |
|                                                | <b>Total equities - common</b>                                                            | 5,510,255      | 557,406                       | 0.4%                                                                 |
| <b>UNDERLYING FUNDS</b>                        |                                                                                           |                |                               |                                                                      |
| <b>Canada</b>                                  |                                                                                           |                |                               |                                                                      |
| 7,500                                          | Crown Capital Partner Fund, LP (Non-Voting Units)                                         | -              | 309,900                       |                                                                      |
| 45,000                                         | Crown Capital Partner Fund, LP (Voting Units)                                             | -              | 1,859,400                     |                                                                      |
| 2,500                                          | Crown Capital Power Limited Partnership (Non-Voting Units)                                | 1,925,637      | 1,562,425                     |                                                                      |
| 7,500                                          | Crown Capital Power Limited Partnership (Voting Units)                                    | 5,776,911      | 4,687,275                     |                                                                      |
| 700                                            | NSPC-L Investor Trust                                                                     | 8,574,473      | 9,648,655                     |                                                                      |
| 15,447                                         | Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Non-Voting Units) | 361,762        | 927,106                       |                                                                      |
| 44,975                                         | Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Voting Units)     | 1,052,247      | 2,699,264                     |                                                                      |
|                                                | Sagard Senior Lending Partners LP <sup>†</sup>                                            | 4,023,785      | 4,413,802                     |                                                                      |
|                                                |                                                                                           | 21,714,815     | 26,107,827                    | 17.7%                                                                |
| <b>Cayman Islands</b>                          |                                                                                           |                |                               |                                                                      |
|                                                | Blue MC (Cayman) LLC                                                                      | 7,424,400      | 11,705,469                    |                                                                      |
|                                                | Bridge Debt Strategies Fund IV International LP                                           | 12,495,693     | 18,366,687                    |                                                                      |
|                                                | Incus Capital European Credit Fund IV Feeder LP <sup>†</sup>                              | 3,189,713      | 3,778,486                     |                                                                      |
|                                                | Incus Capital European Renewables Credit Fund Feeder LP <sup>†</sup>                      | 833,426        | 976,916                       |                                                                      |
|                                                |                                                                                           | 23,943,232     | 34,827,558                    | 23.7%                                                                |
| <b>Ireland</b>                                 |                                                                                           |                |                               |                                                                      |
| 2,629                                          | Blue Ocean Fund Class I                                                                   | 344,704        | 161,812                       |                                                                      |
| 15,883                                         | Blue Ocean Fund Class I-B                                                                 | 2,235,155      | 5,139,883                     |                                                                      |
|                                                |                                                                                           | 2,579,859      | 5,301,695                     | 3.6%                                                                 |
| <b>United States</b>                           |                                                                                           |                |                               |                                                                      |
|                                                | Brookfield Infrastructure Fund IV-A, L.P.                                                 | 19,084,412     | 22,506,666                    |                                                                      |
|                                                | Brookfield Infrastructure Fund V-A, L.P.                                                  | 2,099,708      | 2,220,183                     |                                                                      |
|                                                | Parkview Madison 2024, LLC                                                                | 328,988        | 328,503                       |                                                                      |
|                                                | Parkview Financial US-Cayman Blocker, LLC*                                                | 4,705,692      | 4,623,625                     |                                                                      |
|                                                |                                                                                           | 26,218,800     | 29,678,977                    | 20.2%                                                                |
|                                                | <b>Total underlying funds</b>                                                             | 74,456,706     | 95,916,057                    | 65.2%                                                                |
| <b>MORTGAGES</b>                               |                                                                                           |                |                               |                                                                      |
| <b>Canada</b>                                  |                                                                                           |                |                               |                                                                      |
|                                                | Private Mortgage Loans (note 5)*                                                          | 61,572,290     | 26,896,083                    | 18.3%                                                                |
|                                                | <b>Total mortgages</b>                                                                    | 61,572,290     | 26,896,083                    | 18.3%                                                                |
|                                                | <b>Total investment portfolio</b>                                                         | 144,039,251    | 123,617,375                   | 84.0%                                                                |
| <b>FORWARD CURRENCY CONTRACTS (Schedule 1)</b> |                                                                                           |                |                               |                                                                      |
|                                                | Total unrealized loss on forward currency contracts                                       | -              | (55,749)                      |                                                                      |
|                                                | Total unrealized gain on forward currency contracts                                       | -              | 597,228                       |                                                                      |
|                                                | <b>Net Investments</b>                                                                    | 144,039,251    | 124,158,275                   | 84.3%                                                                |
|                                                | Transaction costs                                                                         | (445)          | -                             | -                                                                    |
|                                                |                                                                                           | \$ 144,038,806 | 124,158,275                   | 84.3%                                                                |
|                                                | Other assets less liabilities                                                             |                | 23,059,479                    | 15.7%                                                                |
|                                                | <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>                             |                | \$ 147,217,754                | 100.0%                                                               |

\*reported at amortized cost

Geography is determined by using country of incorporation of each underlying fund.

<sup>†</sup> Geography has been updated as country of incorporation.

## Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2025

## Schedule 1

| Contract Price | Settlement Date | Purchased Currency |             |                                | Sold Currency        |             |                                | Unrealized Gain (Loss) (\$) |
|----------------|-----------------|--------------------|-------------|--------------------------------|----------------------|-------------|--------------------------------|-----------------------------|
|                |                 | Currency           | Amount (\$) | Value as at June 30, 2025 (\$) | Currency             | Amount (\$) | Value as at June 30, 2025 (\$) |                             |
| 0.710908897    | 2025-07-10      | Canadian Dollar    | 14,066,500  | 14,066,500                     | United States Dollar | 10,000,000  | 13,612,100                     | 454,400                     |
| 0.72102732     | 2025-08-19      | Canadian Dollar    | 6,934,550   | 6,934,550                      | United States Dollar | 5,000,000   | 6,791,722                      | 142,828                     |
|                |                 |                    |             |                                |                      |             | <b>Unrealized gain</b>         | <b>597,228</b>              |
| 0.738443361    | 2025-07-10      | Canadian Dollar    | 8,125,200   | 8,125,200                      | United States Dollar | 6,000,000   | 8,167,260                      | (42,060)                    |
| 0.739918609    | 2025-08-19      | Canadian Dollar    | 2,703,000   | 2,703,000                      | United States Dollar | 2,000,000   | 2,716,689                      | (13,689)                    |
|                |                 |                    |             |                                |                      |             | <b>Unrealized loss</b>         | <b>(55,749)</b>             |

## 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 October 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 June 30, 2025 and December 31, 2024. 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 six-month periods ended June 30, 2025 and 2024. The schedule of investment portfolio is as at June 30, 2025.

## 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 or 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 11). 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 six-month periods ended June 30, 2025 and 2024.

**Future accounting changes**

There are no new accounting standards effective after January 1, 2025 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 June 30, 2025 and December 31, 2024:

|                              | June 30, 2025<br>(\$) | December 31, 2024<br>(\$) |
|------------------------------|-----------------------|---------------------------|
| <b>Gross Derivatives</b>     |                       |                           |
| Gross Derivative Assets      | 597,228               | 45,641                    |
| Gross Derivative Liabilities | 55,749                | (1,046,144)               |
| Net Exposure                 | 541,479               | (1,000,503)               |
| <b>Gross Borrowing</b>       |                       |                           |
| Gross Borrowing              | (46,336,390)          | (49,427,784)              |
| Cash                         | 44,570,974            | 43,712,177                |
| Short Term Investments       | 4,989,735             | 6,727,891                 |
| Net Exposure                 | 3,224,319             | 1,012,284                 |

## 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 June 30, 2025 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 \$9,209,709 (December 31, 2024: \$10,370,055). 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 June 30, 2025 and December 31, 2024, 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 June 30, 2025 and December 31, 2024:

|                   | 0% - 11.99%<br>(\$) | 12% - 12.99%<br>(\$) | 13% - 13.99%<br>(\$) | 14% - 14.99%<br>(\$) | 15% - 15.99%<br>(\$) | Greater than 15.99%<br>(\$) | Total<br>(\$) |
|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------|---------------|
| June 30, 2025     | 21,186,842          | 2,520,094            | -                    | -                    | 3,189,147            | -                           | 26,896,083    |
| December 31, 2024 | 21,520,974          | -                    | 398,868              | -                    | -                    | 2,767,937                   | 24,687,779    |

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 June 30, 2025, US\$14,804,902 (December 31, 2024: US\$14,804,902) was paid towards this commitment and US\$195,098 remains outstanding (December 31, 2024: US\$195,098). The value of Bridge Debt IV and the maximum exposure to interest rate risk is \$18,366,687 (December 31, 2024: \$21,499,158).

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 June 30, 2025, 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 \$4,623,625 (December 31, 2024: \$5,089,104).

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 June 30, 2025, 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 \$9,648,655 (December 31, 2024: \$10,107,211).

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 June 30, 2025, the value of Parkview Madison and the maximum exposure to interest rate risk is \$328,503 (December 31, 2024: \$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 six-month period ended June 30, 2025, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by \$592,516 (December 31, 2024: \$1,665,355).

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 June 30, 2025 and December 31, 2024, 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.

| June 30, 2025                                               | Exposure            |                   |                  | Impact on net assets attributable to holders of redeemable units |                   |                |
|-------------------------------------------------------------|---------------------|-------------------|------------------|------------------------------------------------------------------|-------------------|----------------|
|                                                             | Monetary (\$)       | Non-monetary (\$) | Total (\$)       | Monetary (\$)                                                    | Non-monetary (\$) | Total (\$)     |
| Euro                                                        | -                   | 4,755,402         | 4,755,402        | -                                                                | 475,540           | 475,540        |
| United States Dollar                                        | (77,589,245)        | 77,136,580        | (452,665)        | (7,758,925)                                                      | 7,713,658         | (45,267)       |
| <b>Total</b>                                                | <b>(77,589,245)</b> | <b>81,891,982</b> | <b>4,302,737</b> | <b>(7,758,925)</b>                                               | <b>8,189,198</b>  | <b>430,273</b> |
| % of net assets attributable to holders of redeemable units | (52.7%)             | 55.6%             | 2.9%             | (5.3%)                                                           | 5.6%              | 0.3%           |

| December 31, 2024                                           | Exposure            |                   |                | Impact on net assets attributable to holders of redeemable units |                   |               |
|-------------------------------------------------------------|---------------------|-------------------|----------------|------------------------------------------------------------------|-------------------|---------------|
|                                                             | 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       |
| <b>Total</b>                                                | <b>(91,213,426)</b> | <b>92,123,084</b> | <b>909,658</b> | <b>(9,121,342)</b>                                               | <b>9,212,308</b>  | <b>90,966</b> |
| % of net assets attributable to holders of redeemable units | (59.7%)             | 60.3%             | 0.6%           | (6.0%)                                                           | 6.0%              | -             |

### 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 11.

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. There were no put options held as of June 30, 2025 and December 31, 2024.

### 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:

$$\text{Expected credit loss} = \text{Exposure at Default (EAD)} \times \text{Loss Given Default (LGD)} \times \text{Probability of Default (PD)}$$

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 signs 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 June 30, 2025, an ECL percentage rate of 1.33% is applied to the total carrying value of Parkview Financial Stage 1 loans (December 31, 2024: 1.33%). The carrying value of principal and accrued interest of Parkview Financial is \$4,685,949, with an ECL of \$62,324 (December 31, 2024: carrying value of \$5,157,703 and ECL of \$68,599).

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, 2024: 0.28%). 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 June 30, 2025 and December 31, 2024:

| June 30, 2025    | Number of Loans | Principal + Accrued Interest (\$) | ECL Amount (\$)     | ECL Rate |
|------------------|-----------------|-----------------------------------|---------------------|----------|
| Direct Mortgages |                 |                                   |                     |          |
| Stage 1          | 4               | 3,064,756                         | (8,581)             | 0.28%    |
| Stage 2          | 2               | 3,093,827                         | (34,100)            | 1.10%    |
| Stage 3          | 16              | 80,681,732                        | (37,398,348)        | 46.35%   |
| <b>Total</b>     | <b>22</b>       | <b>86,840,315</b>                 | <b>(37,441,029)</b> |          |

| 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%    |
| <b>Total</b>      | <b>21</b>       | <b>81,551,992</b>                 | <b>(35,246,435)</b> |          |

The following is a summary of the Direct Mortgages held by the Partnership as at June 30, 2025 and December 31, 2024:



| June 30, 2025    | Number of Mortgages | Carrying Value (\$) | Carrying Value + Accrued Interest (\$) |
|------------------|---------------------|---------------------|----------------------------------------|
| First Mortgages  | 15                  | 20,587,846          | 41,750,148                             |
| Second Mortgages | 5                   | 5,559,755           | 6,486,584                              |
| Third Mortgages  | 2                   | 748,482             | 1,162,554                              |
| <b>Total</b>     | <b>22</b>           | <b>26,896,083</b>   | <b>49,399,286</b>                      |

| 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                   | -                   | -                                      |
| <b>Total</b>      | <b>21</b>           | <b>24,687,779</b>   | <b>46,305,558</b>                      |

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at June 30, 2025 and December 31, 2024:

|                   | Pre-development (\$) | Pre-development/<br>Construction (\$) | Construction (\$) | Term (\$)   | Total (\$) |
|-------------------|----------------------|---------------------------------------|-------------------|-------------|------------|
| June 30, 2025     | 850,282              | 16,890,361                            | 8,189,560         | 965,880     | 26,896,083 |
| December 31, 2024 | 892,217              | 16,214,566                            | 8,815,171         | (1,234,176) | 24,687,779 |

The following is a summary of the maturity profile of the Direct Mortgages as at June 30, 2025 and December 31, 2024:

|                   | 12 months or less (\$) | 13 to 24 months (\$) | 25 to 36 months (\$) | Total (\$) |
|-------------------|------------------------|----------------------|----------------------|------------|
| June 30, 2025     | 26,444,670             | 451,413              | -                    | 26,896,083 |
| December 31, 2024 | 24,194,430             | -                    | 493,349              | 24,687,779 |

During the six-month period ended June 30, 2025, no additional mortgage loans were written off to bad debt on the statements of comprehensive income (loss) under 'Bad debt – mortgages'.

The Partnership has indirect exposure to credit risk through its investments in Bridge Debt IV, Northleaf Private Credit, Incus Credit Fund IV, Incus Renewables Credit Fund LP, Sagard Senior Lending Partners and Parkview Madison. As at June 30, 2025, the value of Bridge Debt IV and the maximum exposure to credit risk is \$18,366,687 (December 31, 2024: \$21,499,158). As at June 30, 2025, the value of Northleaf Private Credit and the maximum exposure to credit risk is \$9,648,655 (December 31, 2024: \$10,107,211). As at June 30, 2025, the value of Incus Credit Fund IV and the maximum exposure to credit risk is \$3,778,486 (December 31, 2024: \$2,267,666). As at June 30, 2025, the value of Incus Renewables Credit Fund LP and the maximum exposure to credit risk is \$976,916 (December 31, 2024: \$955,677). As at June 30, 2025, the value of Sagard Senior Lending Partners LP and the maximum exposure to credit risk is \$4,413,802 (December 31, 2024: \$4,587,157). As at June 30, 2025, the value of Parkview Madison and the maximum exposure to credit risk is \$328,503 (December 31, 2024: \$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 June 30, 2025, the value of Crown Partner Funding and the maximum exposure to credit risk is \$2,169,300 (December 31, 2024: \$6,698,400). As at June 30, 2025, the value of Blue Ocean and the maximum exposure to credit risk is \$5,301,695 (December 31, 2024: \$6,407,416). As at June 30, 2025, the value of Blue MC and the maximum exposure to credit risk is \$11,705,469 (December 31, 2024: \$15,780,148).

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.

| June 30, 2025           | Net Unrealized Gain (\$) | Credit Rating         |
|-------------------------|--------------------------|-----------------------|
| CIBC World Markets Inc. | 597,228                  | Standard & Poor's A-1 |
| December 31, 2024       | Net Unrealized Gain (\$) | Credit Rating         |
| CIBC World Markets Inc. | 45,641                   | 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 June 30, 2025, the amount borrowed was \$48,377,420 (December 31, 2024: \$52,445,297) and borrowing net of cash and cash equivalents and treasury bills of (0.8%) of the total assets of the Partnership (December 31, 2024: 1.3%) and 0.1% of the total assets of the Partnership including Preferred Units (December 31, 2024: 2.3%). Interest expense incurred on amounts borrowed for the six-month period ended June 30, 2025 was \$592,516 (December 31, 2024: \$1,665,355).

### 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 June 30, 2025 and December 31, 2024:

| June 30, 2025           | Level 1<br>(\$) | Assets (Liabilities)<br>Level 2<br>(\$) | Level 3<br>(\$)   | Total<br>(\$)     |
|-------------------------|-----------------|-----------------------------------------|-------------------|-------------------|
| Derivative Assets       | -               | 597,228                                 | -                 | 597,228           |
| Derivative Liabilities  | -               | (55,749)                                | -                 | (55,749)          |
| Loans                   | -               | -                                       | 247,250           | 247,250           |
| Underlying Funds - Long | -               | 8,419,000                               | 82,873,432        | 91,292,432        |
| Equities - Long         | -               | 557,406                                 | -                 | 557,406           |
| <b>Total</b>            | -               | <b>9,517,885</b>                        | <b>83,120,682</b> | <b>92,638,567</b> |

| December 31, 2024       | Level 1<br>(\$) | Assets (Liabilities)<br>Level 2<br>(\$) | Level 3<br>(\$)   | Total<br>(\$)      |
|-------------------------|-----------------|-----------------------------------------|-------------------|--------------------|
| 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          |
| <b>Total</b>            | <b>7,597</b>    | <b>11,219,118</b>                       | <b>91,473,335</b> | <b>102,700,050</b> |

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, Sagard Lending LP and Parkview Madison which are considered to be Level 3 investments.

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 \$362,637 as at June 30, 2025 (December 31, 2024: \$351,720).

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 \$530,170 as at June 30, 2025 (December 31, 2024: \$640,742).

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 \$2,250,667 as at June 30, 2025 (December 31, 2024: \$2,366,199).

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 \$222,018 as at June 30, 2025 (December 31, 2024: \$209,870).

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 \$24,725 as at June 30, 2025 (December 31, 2024: \$24,425).

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 \$1,836,669 as at June 30, 2025 (December 31, 2024: \$2,149,916).

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 \$1,170,547 as at June 30, 2025 (December 31, 2024: \$1,578,015).

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 \$964,866 as at June 30, 2025 (December 31, 2024: \$1,010,721).

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 \$377,849 as at June 30, 2025 (December 31, 2024: \$226,767).

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 \$97,692 as at June 30, 2025 (December 31, 2024: \$95,568).

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 \$441,380 as at June 30, 2025 (December 31, 2024: \$458,716).

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 \$32,850 as at June 30, 2025 (December 31, 2024: \$34,677).

#### 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 six-month period ended June 30, 2025 and the year ended December 31, 2024:

| June 30, 2025                                                                                  | Investment Funds<br>(\$) | Loans<br>(\$) | Total<br>(\$) |
|------------------------------------------------------------------------------------------------|--------------------------|---------------|---------------|
| Balance, Beginning of Period                                                                   | 91,229,085               | 244,250       | 91,473,335    |
| Investment purchases during the period*                                                        | (1,884,485)              | -             | (1,884,485)   |
| Proceeds from sales during the period*                                                         | 4,782,920                | -             | 4,782,920     |
| Net realized gain (loss) on sale of investments                                                | 796,644                  | -             | 796,644       |
| Change in unrealized appreciation (depreciation) in value of investments                       | (12,050,732)             | 3,000         | (12,047,732)  |
| Balance, End of Period                                                                         | 82,873,432               | 247,250       | 83,120,682    |
| Change in unrealized appreciation (depreciation) in value of investments held at end of period | (12,050,732)             | 3,000         | (12,047,732)  |

| December 31, 2024                                                                              | Investment Funds<br>(\$) | Loans<br>(\$) | Total<br>(\$) |
|------------------------------------------------------------------------------------------------|--------------------------|---------------|---------------|
| 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     |

\*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 June 30, 2025 and December 31, 2024 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.

| June 30, 2025                                                          | Investment at Fair Value<br>(\$) | Net Asset Value<br>(\$ millions) | % of Net Asset Value |
|------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------|
| Blue MC (Cayman) LLC                                                   | 11,705,469                       | 847                              | 1.4%                 |
| Blue Ocean Fund Class I                                                | 161,812                          | 3                                | 5.4%                 |
| Blue Ocean Fund Class I-B                                              | 5,139,883                        | 57                               | 9.0%                 |
| Bridge Debt Strategies Fund IV International LP                        | 18,366,687                       | 673                              | 2.7%                 |
| Brookfield Infrastructure Fund IV-A, L.P.                              | 22,506,666                       | 34,617                           | 0.1%                 |
| Brookfield Infrastructure Fund V-A, L.P.                               | 2,220,183                        | 15,063                           | -                    |
| Crown Capital Partner Fund, LP                                         | 2,169,300                        | 12                               | 18.3%                |
| Crown Capital Power Limited Partnership                                | 6,249,700                        | 36                               | 17.3%                |
| Incus Capital European Credit Fund IV Feeder LP                        | 3,778,486                        | 466                              | 0.8%                 |
| Incus Capital European Renewables Credit Fund Feeder LP                | 976,916                          | 154                              | 0.6%                 |
| NSPC-L Investor Trust                                                  | 9,648,655                        | 2,722                            | 0.4%                 |
| Parkview Financial US-Cayman Blocker, LLC                              | 4,623,625                        | 1,150                            | 0.4%                 |
| Parkview Madison 2024, LLC                                             | 328,503                          | 7                                | 4.7%                 |
| Portland Global Energy Efficiency and Renewable Energy Fund LP Class O | 3,626,370                        | 18                               | 20.1%                |
| Sagard Senior Lending Partners                                         | 4,413,802                        | 24                               | 18.4%                |

| December 31, 2024                                                      | Investment at Fair Value<br>(\$) | Net Asset Value<br>(\$ 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%                |

## 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 six-month periods ended June 30, 2025 and 2024 was as follows:

| June 30, 2025 | Beginning Balance | Units Issued | Units Redeemed | Ending Balance | Weighted Average Number of Units |
|---------------|-------------------|--------------|----------------|----------------|----------------------------------|
| Class A       | 1                 | -            | -              | 1              | 1                                |
| Class B       | 1,351,905         | 7,213        | 92,943         | 1,266,175      | 1,309,651                        |

| June 30, 2024 | Beginning Balance | Units Issued | Units Redeemed | Ending Balance | Weighted Average Number of Units |
|---------------|-------------------|--------------|----------------|----------------|----------------------------------|
| Class A       | 1                 | -            | -              | 1              | 1                                |
| Class B       | 1,511,277         | -            | 69,779         | 69,779         | 1,495,721                        |

## 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 six-month periods ended June 30, 2025 and 2024. 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<br>(\$) | Operating Expenses Reimbursed to Affiliates of the Manager<br>(\$) |
|---------------|-----------------------------------------|--------------------------------------------------------------------|
| June 30, 2025 | 150,878                                 | 1,424                                                              |
| June 30, 2024 | 116,642                                 | -                                                                  |

As at June 30, 2025, the Partnership owed \$150,878 of operating expenses excluding applicable GST and/or HST to the Manager (December 31, 2024: \$128,040).

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 11. During the six-month period ended June 30, 2025, the Partnership paid loan origination fees of US\$27,000 (December 31, 2024: US\$nil). 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 June 30, 2025, the Partnership borrowed \$46,336,390 or positive \$3,224,319 net of short-term investments and cash through the SSA (December 31, 2024: \$49,427,784 or positive \$1,012,284 net of short-term investments and cash). During the six-month period ended June 30, 2025, the Partnership borrowed a minimum of \$40,932,124 and a maximum of \$49,368,955 under the SSA (December 31, 2024: minimum of \$29,100,377 and maximum of \$54,203,355).

### *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 June 30, 2025, the Partnership borrowed \$1,498,829 under the Facility (December 31, 2024: \$3,017,513). During the six-month period ended June 30, 2025, the Partnership borrowed a minimum of US\$798,829 and a maximum of US\$2,698,829 under the Facility (December 31, 2024: minimum of US\$nil and a maximum of US\$4,225,000).

## 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 June 30, 2025, the cumulative amount paid toward this commitment was \$9,905,022 (net of return of capital) and the remaining uncalled capital commitment was \$10,500,000 (December 31, 2024: \$10,500,000). Crown Partner Fund is in a stage of divestment and no further capital calls are expected.

### *Blue Ocean Fund*

On June 1, 2017, the Partnership committed to invest US\$5,000,000 to Blue Ocean Class I Units. As at June 30, 2025, US\$4,989,071 was paid toward this commitment, resulting in a remaining uncalled commitment of US\$10,929 (December 31, 2024: 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 June 30, 2025, the commitment was paid in full but was subject to a recallable distribution in the amount of US\$9,457,341 (December 31, 2024: US\$9,457,341).

### *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. 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.

### *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 June 30, 2025, the commitment was paid in full but subject to a recallable amount of \$840,786 (December 31, 2024: \$322,848).

### *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 June 30, 2025, US\$14,646,897 was paid toward this commitment, resulting in a remaining uncalled commitment of US\$2,493,317 (December 31, 2024: US\$2,493,317).

### *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 June 30, 2025, 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. 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. As at June 30, 2025, US\$39,169 remained withheld as a receivable.

### *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 June 30, 2025, US\$14,804,902 was paid toward this commitment, resulting in a remaining uncalled commitment of US\$195,098 (December 31, 2024: 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 June 30, 2025, 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 June 30, 2025, this commitment was paid in full.

In December 2024, the Partnership submitted a request to redeem 25% of units effective June 30, 2025 and payable August 22, 2025. Subsequently, in March 2025, the Partnership submitted a request to redeem an additional 25% of units effective September 30, 2025. Subsequently, in April 2025, the Partnership submitted a request to redeem an additional 25% of units effective December 31, 2025 and the final 25% of units effective March 31, 2026.

*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 June 30, 2025, €2,233,951 was paid toward this commitment, resulting in a remaining uncalled commitment of €317,709 (December 31, 2024: €1,077,789).

*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 June 30, 2025, US\$1,426,422 was paid toward this commitment, resulting in a remaining uncalled commitment of US\$2,573,578 (December 31, 2024: US\$2,573,578).

*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 June 30, 2025, US\$3,173,703 was paid toward this commitment, resulting in a remaining uncalled commitment of US\$6,826,297 (December 31, 2024: US\$6,826,297).

*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 June 30, 2025, €608,110 was paid toward this commitment, resulting in a remaining uncalled commitment of €1,391,890 (December 31, 2024: €1,401,600).

*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 June 30, 2025, US\$243,650 was paid toward this commitment.

**13. SUBSEQUENT EVENTS**

1. The Partnership paid US\$1,674,809 on July 8, 2025 and US\$615,366 on October 22, 2025 towards its commitment to Sagard Senior Lending Partners LP.
2. On August 8, 2025, the Partnership paid US\$329,042 towards its commitment to Brookfield Infrastructure Fund V-A, L.P.
3. On August 22, 2025, the redemption of US\$1,727,212 of NSPC-L Investor Trust was processed.
4. On August 26, 2025, the Partnership had a temporary increase of US\$3,500,000 for its revolving loan facility with Clarien Bank, making the new limit up to US\$12,500,000. The temporary amount will expire on December 31, 2025.
5. On September 24, 2025, the Partnership paid US\$35,470 towards its commitment to Brookfield Infrastructure Fund IV-A, L.P.

**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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