

Financial Statements of

**RAELIPSKIE PARTNERS  
ALTERNATIVE INVESTMENT  
FUND**

June 30, 2025 (Unaudited)

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by **Rae & Lipskie Investment Counsel Inc.** in its capacity as the Trustee of the Fund. The Fund's Trustee is responsible for the information and representations contained in these financial statements.

The Trustee maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgements made by the Trustee. The material accounting policy information which the Trustee believes are appropriate for the Fund are described in Note 3 to the unaudited interim financial statements.

**On behalf of the Trustee**

  
\_\_\_\_\_

**August 8, 2025**

**Date**

## NOTICE TO UNITHOLDERS

**The Auditors of the Fund have not reviewed these financial statements.**

Rae & Lipskie Investment Counsel Inc., the Trustee of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

## Statement of Financial Position

June 30, 2025 (unaudited), with comparative information for 2024 (audited)

	June 30, 2025	December 31, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,809,364	\$ 4,469,313
Financial assets at fair value through profit or loss (note 6)	16,119,682	15,206,178
Subscriptions receivable	240,068	214,734
Interest and dividends receivable	65,024	66,166
Prepaid expenses	130	—
	<u>19,234,268</u>	<u>19,956,391</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	—	2,409
Redemptions payable	—	67,833
Payable for investments purchased	—	1,500,000
	<u>—</u>	<u>1,570,242</u>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 19,234,268</b>	<b>\$ 18,386,149</b>
<b>Number of redeemable units outstanding (note 5)</b>	<b>1,606,410</b>	<b>1,534,346</b>
<b>Net assets attributable to holders of redeemable units, per unit</b>	<b>\$ 11.97</b>	<b>\$ 11.98</b>

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

Approved on behalf of the Fund:



Trustee  
Rae & Lipskie Investment Counsel Inc.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

## Statement of Comprehensive Income

Six months ended June 30, 2025, with comparative information for 2024 (unaudited)

	2025	2024
<b>Income</b>		
Dividend income	\$ 315,708	\$ 486,573
Interest income for distribution purposes	118,932	69,206
Net change in unrealized depreciation in value of investments	(421,460)	(327,113)
Net realized loss on sale of investments	<u>(1,847)</u>	<u>(30,872)</u>
	<u>11,333</u>	<u>197,794</u>
<b>Expenses</b>		
Operating costs	23,503	29,665
Commissions and other portfolio transaction costs	<u>20</u>	<u>—</u>
	<u>23,523</u>	<u>29,665</u>
<b>Net (decrease) increase in net assets attributable to holders of redeemable units (note 8)</b>	<b>\$ <u>(12,190)</u></b>	<b>\$ <u>168,129</u></b>
<b>Net (decrease) increase in net assets attributable to holders of redeemable units, per unit (note 8)</b>	<b>\$ (0.01)</b>	<b>\$ 0.11</b>

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units Six months ended June 30, 2025, with comparative information for 2024 (unaudited)

---

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Net decrease in net assets from operations attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2025	\$ 18,386,149	\$ 971,706	\$ (111,397)	\$ (12,190)	\$ 19,234,268

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Net increase in net assets from operations attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2024	\$ 17,564,661	\$ 596,838	\$ (514,063)	\$ 168,129	\$ 17,815,565

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

## Statement of Cash Flows

Six months ended June 30, 2025, with comparative information for 2024 (unaudited)

	2025	2024
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net (decrease) increase in net assets attributable to holders of redeemable units (note 8)	\$ (12,190)	\$ 168,129
Adjustments for non-cash items		
Net change in unrealized depreciation in value of investments	421,460	327,113
Net realized loss on sale of investments	1,847	30,872
Change in non-cash balances		
Increase in subscriptions receivable	(25,334)	(192,579)
Decrease (increase) in interest and dividends receivable	1,142	(10,963)
Increase in prepaid expenses	(130)	-
(Decrease) increase in accounts payable and accrued liabilities	(2,409)	4,652
(Decrease) increase in redemptions payable	(67,833)	9,224
Decrease in payable for investments purchased	(1,500,000)	-
Proceeds from sale of investments	1,373,483	258,879
Purchase of investments	(2,710,294)	(498,075)
Cash (used in) provided by operating activities	<u>(2,520,258)</u>	<u>97,252</u>
<b>Financing Activities</b>		
Proceeds from issuance of redeemable units	971,706	596,838
Amount paid on redemption of redeemable units	(111,397)	(514,063)
Cash provided by financing activities	<u>860,309</u>	<u>82,775</u>
(Decrease) increase in cash and cash equivalents during the period	(1,659,949)	180,027
Cash and cash equivalents, beginning of period	<u>4,469,313</u>	<u>3,435,140</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ <u>2,809,364</u></b>	<b>\$ <u>3,615,167</u></b>
<b>Supplemental information*</b>		
Interest paid	\$ -	\$ 466
Interest received	103,075	65,944
Dividends received, net of withholding taxes	332,706	478,871

\*Included as a part of cash flows from operating activities

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

## Schedule of Investment Portfolio As at June 30, 2025 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	<b>Canadian fixed income</b>			
500,000	Enbridge Pipelines Inc. 3.45% 29SEP25	\$ 500,225	\$ 500,129	2.60
	<b>Canadian investment funds</b>			
31,367	Brookfield Private Real Assets Fund (CANADA) LP SERIES A (DIST)	3,500,000	3,617,587	18.81
213,937	Four Quadrant Global Real Estate Trust Class F	2,326,880	1,595,768	8.30
233,548	Ninepoint Alternative Income Fund – Class FT	2,408,359	1,990,504	10.35
69,625	Ninepoint TEC Private Credit Fund II – Class FT	725,630	665,090	3.46
125,000	Oaktree Strategic Credit Trust (Canadian Feeder) Class F - Purchase	1,250,000	1,250,000	6.50
150,000	Trez Capital Prime Trust Class I	1,500,000	1,500,000	7.80
200,000	Trez Capital Yield Trust Class F	2,000,000	2,000,000	10.40
300,060	Trez Capital Yield Trust US Class F CAD	3,000,604	3,000,604	15.60
		<u>16,711,473</u>	<u>15,619,553</u>	<u>81.22</u>
	<b>Total investments owned</b>	17,211,698	16,119,682	83.82
	<b>Other assets, net</b>		<u>3,114,586</u>	<u>16.18</u>
	<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 19,234,268</u>	<u>100.00</u>

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements

June 30, 2025 (Unaudited)

---

## 1. Establishment of the investment trust and nature of operations:

RaeLipskie Partners Alternative Investment Fund (the "Fund") is an investment trust which was created under the laws of the Province of Ontario pursuant to a Master Declaration of Trust dated April 15, 2011 (the "Master Declaration of Trust") and a fund declaration dated May 1, 2020 (the "Fund Declaration"). The Master Declaration of Trust and the Fund Declaration collectively are referred to as the "Trust Declaration" of the Fund. The Fund commenced active operations on June 1, 2020.

Rae & Lipskie Investment Counsel Inc. (the "Trustee" or "Manager" or "Rae & Lipskie") is the trustee, manager, investment manager and principal distributor of the Fund. As Trustee, Rae & Lipskie is responsible for the day-to-day administrative activities of the Fund. As Manager, Rae & Lipskie is responsible for formulating the investment strategies of the Fund and managing the Fund's investment portfolio.

The investment objective of the Fund is to preserve capital and generate income, with modest growth potential and lower correlation to traditional equity and debt markets. The Fund invests primarily in a basket of limited partnerships, trusts, master-feeder structures, pooled funds and other investment vehicles managed by third parties specialized in real estate, infrastructure, commercial mortgages, private credit, private, public equities and other such alternatives investment vehicles. The Fund may also invest in domestic or foreign exchange-traded funds (ETFs), treasury bills, short-term notes and other money market instruments, derivatives, fixed income securities, equity, debt, credit default swaps, futures, forwards, options, repos, preferred securities.

The custodian for the Fund is National Bank Independent Network (NBIN).

Guardian Capital Group Limited ("Guardian") holds a majority interest in The RaeLipskie Partnership.

The RaeLipskie Partnership remains an independent entity, maintaining the existing management and investment team, now backed by the significant depth and resources of Guardian, a publicly traded company listed on the TSX.

The Fund's registered office is located in 20 Erb Street West, Suite 201, Waterloo, Ontario N2L1T2.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

## 2. Basis of presentation:

### (a) Statement of compliance:

These interim financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations, and International Accounting Standard 34, Interim Financial Reporting as adopted by the International Accounting Standards Board ("IASB"). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board. The financial statements were authorized for issue by the Manager on August 8, 2025.

### (b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss ("FVTPL") which are presented at fair value. The methods used to measure fair values are described in note 3(a).

### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Fund's functional currency.

### (d) Use of estimates and judgments:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in note 3(a), related to the determination of fair value of investments at FVTPL.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

### 3. Material accounting policy information:

The material accounting policy information used in the preparation of these financial statements are summarized below. The Fund has applied the following accounting policies to the period presented in these financial statements.

(a) Financial assets:

(i) Classification:

The fund classifies financial assets in the following measurement categories: those to be measured subsequently at fair value through profit and loss (FVTPL) and those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as FVTPL:

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

The Fund classified financial assets into the following categories:

- Financial assets held at FVTPL: investments at fair value;
- Financial assets at amortized cost: cash and cash equivalents, interest and dividends receivable, prepaid expenses and subscriptions receivable.

(ii) Recognition and derecognition

Financial assets at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date on which they are originated.

(iii) Measurement:

Financial assets at FVTPL are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

### 3. Material accounting policy information (continued):

#### (a) Financial assets (continued):

##### (iii) Measurement (continued):

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. When available, the Fund measure the fair value of an instrument using the quoted market price in an active market for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at the last traded market price where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, 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 is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (Trading NAV) for transactions with unitholders.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

#### (b) Financial liabilities:

Financial liabilities are recognised on the date on which they are originated and are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

Financial liabilities comprise accounts payable and accrued liabilities, redemptions payable and payable for investments purchased. Due to the short-term nature of payables, carrying value is considered to approximate fair value.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

### 3. Material accounting policy information (continued):

(c) Dividend income, interest income, and capital gains:

Dividend and interest income is recognized in the profit or loss on the date on which the right to receive payment is established. Interest income is accrued daily and dividend income is recognized on the ex-dividend date.

Distributions from income funds and limited partnerships are recognized on the ex-distribution date and is shown on the Statement of Comprehensive Income.

Realized gains or losses on sale of investments and unrealized appreciation/depreciation on investments are determined on an average cost basis.

(d) Foreign currency:

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00pm Eastern Standard Time (the "closing rate") on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

(e) Investment entity:

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

(i) The Fund has obtained funds from one or more investors for the purpose of providing those investors with investment management services;

(ii) The Fund has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and

(iii) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

### 3. Material accounting policy information (continued):

- (f) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of redeemable units by the total number of redeemable units of that particular class outstanding at the end of the period.

- (g) Net (decrease) increase in net assets from attributable to holders of redeemable units per unit:

The net (decrease) increase in net assets from attributable to holders of redeemable units per unit is based on the net (decrease) increase in net assets to holders of redeemable units attributable to each class of redeemable units divided by the weighted average number of redeemable units outstanding of that class during the period. Refer to note 8 for the calculation.

- (h) Income tax:

The Fund is taxed as a unit trust under the Income Tax Act (Canada). The Fund is required to make distributions each year of its net income and net realized capital gains, and therefore, will not generally be liable for income tax. It is the intention of the Manager to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no tax provision has been recorded.

- (i) Future accounting policy changes:

Presentation and disclosure in financial statements (IFRS 18)

IFRS 18 will replace IAS 1 Presentation and disclosure in financial statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- (i) Entities are required to classify all income and expenses into five categories in the statement of income (loss) and comprehensive income (loss), namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- (ii) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- (iii) Enhanced guidance is provided on how to group information in the financial statements.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

### 3. Material accounting policy information (continued):

#### (i) Future accounting policy changes (continued):

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Partnership is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Fund's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPM. The Partnership is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The IASB has issued amendments to IFRS 9 and IFRS 7 in May 2024. These amendments relate to classification of financial assets and accounting for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in certain situations in which settlement of a financial instruments with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system subject to certain criteria being met.

The amendments will be effective from January 1, 2026. Management is currently assessing the impact of the new standard, but it is not expected to have a significant impact on the Partnership's financial statements.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

## 4. Related party transactions:

### (a) Management fees:

As compensation for its services as manager of the Fund, the Manager shall be entitled to receive a management fee. This fee is agreed to by the Manager and the Fund's unitholder and are calculated and charged outside of the Fund.

### (b) Administrative fees:

The Manager pays for the normal day-to-day operating expenses of the Fund, in exchange for the payment by the Fund to the Manager of a fixed administrative fee equal to 0.25% of the NAV of the Fund. The fixed administrative fee is calculated and accrued on the last business day of each week on which the Toronto Stock Exchange is open for business or such other business day as the Manager may determine ("Valuation Date") and is payable quarterly. For greater certainty, the fixed administrative fee effectively replaces the direct payment by the Fund of the operating expenses. The fixed administrative fee paid to the Manager by the Fund, in any particular period, may be less than or exceed the operating expenses that the Manager incurs for the Fund.

## 5. Redeemable units of the Fund:

The Fund is authorized to issue an unlimited number of redeemable units, issuable in one or more classes, each of which represents an equal, undivided, beneficial interest in the net assets attributable to holders of redeemable units of the Fund.

The units of the Fund have the following attributes:

- (i) each unit is without nominal or par value and is issued as fully paid and non-assessable in accordance with the provisions hereof;
- (ii) each whole unit entitles the holder thereof to one vote at all meetings of holders of redeemable units of the Fund;
- (iii) each unit represents an undivided beneficial interest in the net assets of the Fund;
- (iv) each unit entitles the holder thereof to participate equally, in accordance with the provisions hereof, in the crediting of cumulative net income and cumulative net capital gains and, on liquidation, to participate equally in the net assets of the Fund remaining after satisfaction of outstanding liabilities and;
- (v) each redeemable unit of a class may be re-designated by the Manager.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 5. Redeemable units of the Fund (continued):

A unitholder of the Fund may redeem all or a portion of their redeemable units of the Fund redemption notice prior to 12:00 p.m. (EST) on such business day that is 30 calendar days before the Valuation Date (the “Cut-off Time”). Redemption requests received after the Cut-off Time will be processed at the next Valuation Date. Should the Cut-off Time be on a non-business day, the Cut-off Time shall be deemed to be the first business day following this non-business day.

The redemption proceeds will equal the net asset value per unit of the Fund on that Valuation Date. The redemption price of the redeemed units otherwise payable to unitholders will be reduced by 1% if such unitholders redeem their units within one year from purchase, which the Manager deems prejudicial to the Fund.

The unit transactions for the Fund were as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redeemable units redeemed	Redeemable Units, end of period
<b>June 30, 2025</b>	1,534,346	81,389	(9,325)	1,606,410
<b>June 30, 2024</b>	1,537,867	51,908	(44,711)	1,545,064

## 6. Determination of fair values and fair value hierarchy:

The Fund measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (as prices) or indirectly (derived from prices); and,
- Level 3 – inputs that are unobservable.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 6. Determination of fair values and fair value hierarchy (continued):

The table below sets out fair value measurements using the fair value hierarchy:

<b>June 30, 2025</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Fixed income	\$ –	\$ 500,129	\$ –	\$ 500,129
Investment funds	–	15,619,553	–	15,619,553
	\$ –	\$ 16,119,682	\$ –	\$ 16,119,682
<b>December 31, 2024</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Fixed Income	\$ –	\$ 765,513	\$ –	\$ 765,513
Investment funds	–	14,440,665	–	14,440,665
	\$ –	\$ 15,206,178	\$ –	\$ 15,206,178

## 7. Financial instruments and associated risks:

In the normal course of business, the Fund is exposed to a variety of financial risks, including liquidity risk and market risk (currency risk and other price risk). The Fund is not exposed to significant credit risk or interest rate risk. The value of the Fund investments can fluctuate on a daily basis as a result of changes in economic conditions and market or company news related to specific securities within the Fund.

### (a) Risk management:

Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, military conflicts, acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Funds' investments and Funds' performance.

The Manager seeks to minimize potential adverse effects of risk on the Funds' performance by employing professional, experienced portfolio advisors; by daily monitoring of the Funds' positions and market events; by diversifying the investment portfolio within the constraints of the investment objectives; and by periodically using derivatives to economically hedge certain risk exposures.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 7. Financial instruments and associated risks (continued):

### (a) Risk management (continued):

The Fund employs active investment strategies whereby investments in the Fund is based on target weightings for market capitalization, industry and/or issuer weightings. These target weightings are based on several factors, including impact to the Fund's volatility and asset diversification.

Significant changes to the selection of the target asset weightings attributed to the Fund require notification of the holders of redeemable units. To assist with managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

### (b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Credit risk is managed by dealing with counterparties the Manager believes to be creditworthy and by daily monitoring of credit exposures and collateral. The greatest concentration of credit risk may arise from debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

The Statement of Investment Portfolio indicates the extent of exposure to credit risk. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of investments represents the maximum credit risk exposure at June 30, 2025. The carrying amount of other assets of the Fund also represents the maximum credit risk exposure, as they will be settled in the short-term.

As at June 30, 2025 and December 31, 2024 debt securities by credit rating for the Fund are as follows:

	June 30, 2025	December 31, 2024
	%	%
A	100.00	—
AAA	—	67.34
BBB+	—	32.66
	100.00	100.00

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 7. Financial instruments and associated risks (continued):

### (c) Liquidity risk:

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price. The Fund's exposure to the liquidity risk is concentrated in the weekly cash redemptions of redeemable units. All investments in the fund are redeemable upon demand. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. All financial liabilities are due between one and three months.

### (d) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Cash and cash equivalents and other money market instruments are short-term in nature and are not generally subject to significant amounts of interest rate risk.

The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2025 and December 31, 2024, the Fund's exposure to interest rate risks by remaining term to maturity is as follows:

					June 30, 2025
Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total	
\$ 500,129	\$ -	\$ -	\$ -	\$ 500,129	

					December 31, 2024
Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total	
\$ 765,513	\$ -	\$ -	\$ -	\$ 765,513	

As of June 30, 2025, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,200 (December 31, 2024 - \$5,519). The Funds' sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual trading results may differ and the difference could be material.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 7. Financial instruments and associated risks (continued):

### (e) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments denominated in currencies other than its functional currency and the Fund is exposed to fluctuations in those currencies. The Fund may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

As at June 30, 2025, the Fund did not hold any financial instruments denominated in currencies other than its measurement currency.

As at December 31, 2024, the currency risk related to the Fund is shown below:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>December 31, 2024</b>						
U.S. Dollar	\$ —	\$ 515,468	\$ 515,468	\$ —	\$ 25,773	\$ 25,773
% of Net assets attributable to holders of redeemable units	—	2.80	2.80	—	0.14	0.14

As at June 30, 2025, the Fund's financial assets designated at FVTPL include \$nil in U.S. fixed income holdings which is denominated in Canadian dollars (December 31, 2024 - \$ 515,468).

### (f) Other price risk:

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 7. Financial instruments and associated risks (continued):

### (f) Other price risk (continued):

All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within the parameters of the Fund's investment objectives and strategy. The Fund's overall market positions are monitored on a regular basis by the portfolio manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As at June 30, 2025, 81% (December 31, 2024 – 79%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges. As of June 30, 2025, had the prices on the respective stock exchanges for the securities increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, \$1,562,000 (December 31, 2024- \$1,444,000).

In practice, the actual trading results may differ, and the difference could be material.

## 8. Net (decrease) increase in net assets from operations attributable to holders of redeemable units per unit:

The net (decrease) increase in net assets from operations attributable to holders of redeemable units per unit for the period ended June 30, 2025 and 2024 is calculated as follows:

	Net (decrease) Increase in Net Assets Attributable to Holders of Redeemable Units	Weighted Average of Redeemable Units Outstanding During the Period	Net (decrease) increase in net assets attributable to holders of redeemable units, per unit
June 30, 2025	\$ (12,190)	1,572,213	\$ (0.01)
June 30, 2024	\$ 168,129	1,533,173	\$ 0.11

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

## 9. Involvement with unconsolidated structured entities:

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

**June 30, 2025**

Strategy	Number of Investee Funds	Carrying amount included in financial assets at FVTPL
Multi-strategy	2	\$ 5,608,091
Real property	4	8,096,372
Private debt/credit	2	1,915,090
		\$ 15,619,553

**December 31, 2024**

Strategy	Number of Investee Funds	Carrying amount included in financial assets at FVTPL
Multi-strategy	2	\$ 5,811,938
Real property	4	7,962,603
Private debt/credit	1	666,124
		\$ 14,440,665

The Fund has determined that all of the other funds (the "Investee Funds") in which it invests are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision-making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds' objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by asset managers who are unrelated to the Fund and apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's options and entitle the holder to a proportional stake in the Fund's net assets. The Fund holds redeemable shares in each of its Investee Funds. The change in fair value of the investments in the Fund is included in the Statement of Comprehensive Income in net gains/losses on financial instruments held at FVTPL.

During the period ended June 30, 2025 and year ended December 31, 2024, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

# RAELIPSKIE PARTNERS ALTERNATIVE INVESTMENT FUND

Notes to Financial Statements (continued)

June 30, 2025 (Unaudited)

---

## 10. Income taxes:

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable, is subject to income tax. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax. The Fund may be subject to alternative minimum tax, potentially recoverable.

## 11. Capital disclosure:

The capital of the Fund is represented by issued and redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of redeemable units. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 7, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

## 12. Indemnification of the Manager/Trustee:

The Fund, according to the terms of the Trust Indenture, indemnify the Manager, its principals and their respective affiliates from all claims that may arise for (i) mistakes of judgment or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the Fund and (ii) losses due to mistakes of judgment or the action or omission of any broker or agent of the Manager, selected, engaged or retained by the Manager, its principals or their respective affiliates.

## 13. Filing exemption:

The Fund is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106.

## 14. Financial statement review:

These financial statements have not been reviewed by the Funds auditors.