

**BELLWETHER CANADIAN STOCK FUND**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

**(in Canadian dollars)**

## Independent Auditor's Report

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To the Unitholders of the  
Bellwether Canadian Stock Fund

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Bellwether Canadian Stock Fund, which comprise the statement of financial position as at December 31, 2023, the statement of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, a schedule of investment portfolio as at December 31, 2023, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bellwether Canadian Stock Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

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

### *Trustee's and Manager's Responsibility for the Financial Statements*

The Trustee and the Manager are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Trustee and the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Trustee and the Manager are responsible for overseeing the fund's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Richard Clarke, CPA, CA.

*Death + Co. LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
March 22, 2024

# BELLWETHER CANADIAN STOCK FUND

## Statement of Financial Position As at December 31, 2023

|  | December 31, 2023     | December 31, 2022     |
|--|-----------------------|-----------------------|
| <b>ASSETS</b>  |                       |                       |
| <b>Current assets</b>  |                       |                       |
| Cash and cash equivalents  | \$ 6,218,695          | \$ 88,336             |
| Interest receivable  | 29,167                | —                     |
| Dividends receivable   | 632,013               | 508,836               |
| Contributions receivable (Note 12)                                       | 153,775               | 94,205                |
| Investments owned, at fair value (Cost:\$96,845,769 - 2022:\$99,008,917) | 108,945,135           | 108,791,258           |
|  | <u>115,978,785</u>    | <u>109,482,635</u>    |
| <b>LIABILITIES</b>   |                       |                       |
| <b>Current liabilities</b>   |                       |                       |
| Accrued expenses   | 33,611                | 34,601                |
| Management fees payable  | 217                   | 282                   |
| Redemptions payable (Note 12)  | 46,322                | 208,345               |
| Payable for investments purchased  | 100,000               | —                     |
|  | <u>180,150</u>        | <u>243,228</u>        |
| <b>Net Assets Attributable to Holders of Redeemable Units</b>            | <u>\$ 115,798,635</u> | <u>\$ 109,239,407</u> |
| <b>Net Assets Attributable to Holders of Redeemable Units per Series</b> |                       |                       |
| Series F   | \$ 341,195            | \$ 320,540            |
| Series O   | 115,457,440           | 108,918,867           |
|  | <u>\$ 115,798,635</u> | <u>\$ 109,239,407</u> |
| <b>Number of Redeemable Units Outstanding</b>                            |                       |                       |
| Series F   | 22,051                | 21,667                |
| Series O   | 6,945,671             | 6,894,918             |
| <b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>   |                       |                       |
| Series F   | \$ 15.47              | \$ 14.79              |
| Series O   | 16.62                 | 15.80                 |

Approved :



Trustee:

# BELLWETHER CANADIAN STOCK FUND

## Statement of Comprehensive Income For the year ended December 31, 2023

|  | 2023                 | 2022                |
|--|----------------------|---------------------|
| <b>Income</b>  |                      |                     |
| Dividends  | \$ 3,750,945         | \$ 3,723,305        |
| Interest income for distribution purposes  | 728,915              | 586,637             |
| Change in unrealized gain (loss) on investments and foreign currency                 | 2,317,035            | (11,413,878)        |
| Realized gain on sale of investments and foreign currency                            | 3,954,164            | 9,434,441           |
|  | <u>10,751,059</u>    | <u>2,330,505</u>    |
| <b>Expenses</b>  |                      |                     |
| Operating costs (Note 6)   | 435,296              | 467,263             |
| Commissions and other portfolio transaction costs (Note 7)                           | 30,719               | 66,306              |
| Withholding tax  | 14,553               | 21,099              |
| Management fees (Note 6)   | 2,891                | 3,943               |
|  | <u>483,459</u>       | <u>558,611</u>      |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Units</b>            | <u>\$ 10,267,600</u> | <u>\$ 1,771,894</u> |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Units per Series</b> |                      |                     |
| Series F   | \$ 26,361            | \$ 1,335            |
| Series O   | <u>10,241,239</u>    | <u>1,770,559</u>    |
|  | <u>\$ 10,267,600</u> | <u>\$ 1,771,894</u> |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Units per Unit</b>   |                      |                     |
| Series F   | \$ 1.21              | \$ 0.06             |
| Series O   | 1.55                 | 0.26                |

# BELLWETHER CANADIAN STOCK FUND

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the year ended December 31, 2023

|             | Net assets attributable to holders of redeemable units, beginning of year | Proceeds from redeemable units issued* | Distribution of net investment income to unitholders | Redemption of redeemable units* | Reinvestment of distribution | Increase in net assets attributable to holders of redeemable units | Net assets attributable to holders of redeemable units, end of year |
|-------------|---|--|--|---------------------------------|------------------------------|--|---|
| <b>2023</b> |   |  |  |                                 |                              |  |   |
| Series F    | \$ 320,540  | \$ 58,997                              | \$ (12,460)  | \$ (58,093)                     | \$ 5,850                     | \$ 26,361  | \$ 341,195  |
| Series O    | 108,918,867   | 12,771,746                             | (4,354,680)  | (16,472,461)                    | 4,352,729                    | 10,241,239   | 115,457,440   |
|             | <u>\$ 109,239,407</u>   | <u>\$ 12,830,743</u>                   | <u>\$ (4,367,140)</u>                                | <u>\$ (16,530,554)</u>          | <u>\$ 4,358,579</u>          | <u>\$ 10,267,600</u>   | <u>\$ 115,798,635</u>   |

\* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2023 were \$58,788 and \$(58,788), respectively.

|             | Net assets attributable to holders of redeemable units, beginning of year | Proceeds from redeemable units issued** | Distribution of net investment income to unitholders | Redemption of redeemable units** | Reinvestment of distribution | Increase in net assets attributable to holders of redeemable units | Net assets attributable to holders of redeemable units, end of year |
|-------------|---|---|--|----------------------------------|------------------------------|--|---|
| <b>2022</b> |   |   |  |                                  |                              |  |   |
| Series F    | \$ 349,512  | \$ 4,750                                | \$ (34,851)  | \$ (15,629)                      | \$ 15,423                    | \$ 1,335   | \$ 320,540  |
| Series O    | 107,192,887   | 23,197,351                              | (11,687,023)   | (23,233,782)                     | 11,678,875                   | 1,770,559  | 108,918,867   |
|             | <u>\$ 107,542,399</u>   | <u>\$ 23,202,101</u>                    | <u>\$ (11,721,874)</u>                               | <u>\$ (23,249,411)</u>           | <u>\$ 11,694,298</u>         | <u>\$ 1,771,894</u>  | <u>\$ 109,239,407</u>   |

\*\* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2022 were \$5,077 and \$(5,077), respectively.

# BELLWETHER CANADIAN STOCK FUND

## Statement of Cash Flows

For the year ended December 31, 2023

|  | 2023                | 2022               |
|--|---------------------|--------------------|
| <b>Cash provided by (used in):</b>                                   |                     |                    |
| <b>Operating Activities</b>  |                     |                    |
| Increase in Net Assets Attributable to Holders of Redeemable Units   | \$ 10,267,600       | \$ 1,771,894       |
| Adjustments for non-cash items                                       |                     |                    |
| Commissions and other portfolio transaction costs                    | 30,719              | 66,306             |
| Change in unrealized (gain) loss on investments and foreign currency | (2,317,035)         | 11,413,878         |
| Realized gain on sale of investments and foreign currency            | (3,954,164)         | (9,434,441)        |
| Change in non-cash balances  |                     |                    |
| (Increase) decrease in interest receivable                           | (29,167)            | 1,457              |
| Increase in dividends receivable                                     | (123,177)           | (195,033)          |
| (Increase) decrease in contributions receivable                      | (59,570)            | 286,636            |
| (Decrease) increase in accrued expenses                              | (990)               | 7,224              |
| Decrease in management fees payable                                  | (65)                | (11)               |
| (Decrease) increase in redemptions payable                           | (162,023)           | 166,824            |
| Increase (decrease) in payable for investments purchased             | 100,000             | (280,000)          |
| Proceeds from sale of investments                                    | 18,502,291          | 29,882,112         |
| Purchase of investments  | (12,415,688)        | (41,506,695)       |
| Cash provided by (used in) operating activities                      | <u>9,838,731</u>    | <u>(7,819,849)</u> |
| <b>Financing Activities</b>  |                     |                    |
| Proceeds from issuances of redeemable units                          | 12,771,955          | 23,197,024         |
| Distributions to unitholders, net of reinvestments                   | (8,561)             | (27,576)           |
| Amount paid on redemption of redeemable units                        | (16,471,766)        | (23,244,334)       |
| Cash used in financing activities                                    | <u>(3,708,372)</u>  | <u>(74,886)</u>    |
| Increase (decrease) in cash and cash equivalents during the year     | 6,130,359           | (7,894,735)        |
| Cash and cash equivalents, beginning of year                         | 88,336              | 7,983,071          |
| <b>Cash and cash equivalents, end of year</b>                        | <u>\$ 6,218,695</u> | <u>\$ 88,336</u>   |
| <b>Supplemental information*</b>                                     |                     |                    |
| Interest paid  | \$ –                | \$ 246             |
| Interest received  | 699,748             | 588,094            |
| Dividends received, net of withholding taxes                         | 3,613,215           | 3,507,174          |

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

# BELLWETHER CANADIAN STOCK FUND

## Schedule of Investment Portfolio

As at December 31, 2023

| Number of shares/units | Investments owned                              | Average cost | Fair value   | % of net asset value |
|------------------------|--|--------------|--------------|----------------------|
|                        | <b>Canadian equities</b>                       |              |              |                      |
| 140,000                | Aecon Group Inc.                               | \$ 2,170,870 | \$ 1,829,800 | 1.58                 |
| 57,000                 | Ag Growth International Inc.                   | 2,357,990    | 2,879,640    | 2.49                 |
| 39,000                 | Agnico Eagle Mines Ltd.                        | 2,256,360    | 2,833,350    | 2.45                 |
| 166,000                | Alaris Equity Partners Income                  | 2,190,979    | 2,704,140    | 2.34                 |
| 38,500                 | Alimentation Couche-Tard Inc.                  | 1,137,706    | 3,004,155    | 2.59                 |
| 121,000                | AltaGas Ltd.                                   | 2,612,764    | 3,366,220    | 2.91                 |
| 52,000                 | BCE Inc.                                       | 3,447,834    | 2,712,840    | 2.34                 |
| 12,460                 | Brookfield Asset Management Ltd.               | 546,178      | 663,121      | 0.57                 |
| 49,500                 | Brookfield Corp.                               | 3,199,145    | 2,630,925    | 2.27                 |
| 33,505                 | Brookfield Infrastructure Partners Exchange LP | 549,384      | 1,399,169    | 1.21                 |
| 15,000                 | Brookfield Infrastructure Partners LP          | 649,446      | 626,400      | 0.54                 |
| 341                    | Brookfield Reinsurance Ltd.                    | 20,414       | 18,073       | 0.02                 |
| 45,000                 | Brookfield Renewable Corp.                     | 1,770,304    | 1,716,300    | 1.48                 |
| 12,750                 | Brookfield Renewable Partners LP               | 147,510      | 443,828      | 0.38                 |
| 90,000                 | CAE Inc.                                       | 2,254,173    | 2,574,000    | 2.22                 |
| 56,000                 | Canadian Natural Resources Ltd.                | 4,232,991    | 4,861,360    | 4.20                 |
| 17,000                 | Canadian Tire Corp Ltd.                        | 2,734,289    | 2,392,240    | 2.07                 |
| 22,000                 | CGI Inc.                                       | 1,605,700    | 3,122,900    | 2.70                 |
| 338,800                | Chemtrade Logistics Income Fund                | 2,677,222    | 2,886,576    | 2.49                 |
| 371,300                | Corus Entertainment Inc.                       | 1,886,122    | 263,623      | 0.23                 |
| 175,000                | Dream Industrial Real Estate Investment Trust  | 1,828,251    | 2,443,000    | 2.11                 |
| 50,000                 | ECN Capital Corp.                              | –            | 150,000      | 0.13                 |
| 41,000                 | Emera Inc.                                     | 1,864,264    | 2,062,300    | 1.78                 |
| 15,000                 | George Weston Ltd.                             | 2,295,170    | 2,467,500    | 2.13                 |
| 40,000                 | iA Financial Corp Inc.                         | 2,964,435    | 3,613,200    | 3.12                 |
| 63,000                 | IGM Financial Inc.                             | 2,373,108    | 2,205,630    | 1.90                 |
| 116,000                | Invesco Canadian Dividend Index ETF            | 3,650,112    | 3,513,640    | 3.03                 |
| 103,000                | Keyera Corp.                                   | 2,224,386    | 3,299,090    | 2.85                 |
| 51,000                 | Manulife Financial Corp.                       | 1,169,867    | 1,493,280    | 1.29                 |
| 176,000                | Martinrea International Inc.                   | 2,037,842    | 2,523,840    | 2.18                 |
| 57,000                 | Newmont Corp.                                  | 2,829,226    | 3,126,450    | 2.70                 |
| 100,000                | Northland Power Inc.                           | 2,878,819    | 2,407,000    | 2.08                 |
| 37,000                 | Nutrien Ltd.                                   | 2,396,639    | 2,762,050    | 2.39                 |
| 70,000                 | Pembina Pipeline Corp.                         | 2,824,729    | 3,193,400    | 2.76                 |
| 34,000                 | Royal Bank of Canada                           | 4,412,502    | 4,556,000    | 3.93                 |
| 58,000                 | Russel Metals Inc.                             | 1,454,717    | 2,611,740    | 2.26                 |
| 165,000                | Savaria Corp.                                  | 2,396,526    | 2,503,050    | 2.16                 |
| 39,000                 | Sun Life Financial Inc.                        | 2,038,299    | 2,680,080    | 2.31                 |
| 85,000                 | Suncor Energy Inc.                             | 2,723,497    | 3,608,250    | 3.12                 |
| 56,000                 | TC Energy Corp.                                | 3,140,259    | 2,898,560    | 2.50                 |
| 52,000                 | The Toronto-Dominion Bank                      | 4,839,107    | 4,452,240    | 3.84                 |
| 1,216,500              | Western Forest Products Inc.                   | 2,124,381    | 863,715      | 0.75                 |



# BELLWETHER CANADIAN STOCK FUND

## Schedule of Investment Portfolio (Cont'd)

As at December 31, 2023

| Number of shares/units | Investments owned   | Average cost                | Fair value                   | % of net asset value |
|------------------------|---|-----------------------------|------------------------------|----------------------|
|                        | <b>Canadian equities (cont'd)</b>                             |                             |                              |                      |
| 428,000                | Whitecap Resources Inc.                                       | \$ 3,112,250                | \$ 3,796,360                 | 3.28                 |
| 15,000                 | WSP Global Inc.   | 820,002                     | 2,786,100                    | 2.41                 |
|                        |   | <u>96,845,769</u>           | <u>108,945,135</u>           | <u>94.09</u>         |
|                        | <b>Total investments owned</b>                                | <b>\$ 96,845,769</b>        | <b>\$ 108,945,135</b>        | <b>94.09</b>         |
|                        | Commissions and other portfolio transaction costs             | <u>(117,722)</u>            | <u>—</u>                     | <u>—</u>             |
|                        | <b>Net investments owned</b>                                  | <b><u>\$ 96,728,047</u></b> | 108,945,135                  | 94.09                |
|                        | <b>Other assets, net</b>                                      |                             | <u>6,853,500</u>             | <u>5.91</u>          |
|                        | <b>Net Assets Attributable to Holders of Redeemable Units</b> |                             | <b><u>\$ 115,798,635</u></b> | <b><u>100.00</u></b> |

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

### For the year ended December 31, 2023

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#### 1. Formation of the Fund

The Bellwether Canadian Stock Fund (the “Fund”) is an open-ended mutual fund trust. The Fund was established by a Declarations of Trust dated May 19, 2006 and commenced operations on December 8, 2006. The address of the Fund’s registered office is 1295 Cornwall Road, Unit A3, Oakville, Ontario, L6J 7T5.

Bellwether Investment Management Inc. (the “Manager” or the “Trustee”) is the manager and trustee of the Fund. The Manager is responsible for directing the affairs and managing the business of the Fund, including management of the Fund’s investment portfolio, and for administering or arranging for the administration of the day to day operations of the Fund, including providing or arranging for the provision of investment advice, establishment of brokerage arrangements and bookkeeping and other administrative services for the Fund.

The Fund invests in publicly traded equity securities of companies listed on a recognized stock exchange in Canada.

National Bank Financial Inc. is the custodian of the Fund. SGGG Fund Services Inc. is the recordkeeper and valuation services agent for the Fund.

#### 2. Basis of Presentation

These financial statements have been prepared in compliance with IFRS Accounting Standards as published 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. These financial statements should be read in conjunction with annual financial statements for the year ended December 31, 2022 which have been prepared in accordance with IFRS.

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (“FVTPL”) which are presented at fair value. The policies applied in these financial statements are based on IFRS issued and outstanding as of March 22, 2024 which is the date on which the financial statements were authorized for issue by the Trustee.

#### 3. Summary of Material Accounting Policy Information

The following summarizes the material accounting policy information of the Fund:

##### **Current adoptions and accounting standards issued**

IAS 1: Presentation of Financial statements has been amended to require Fund to disclose material rather than significant accounting policies and the amendments are effective for the annual periods beginning on or after January 1, 2023. As per the amendment, a Fund shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in a Fund’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accordingly, accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors has been amended to introduce a new definition of accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Fund did not have any impact due to this amendment.

##### **Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the current reporting period and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### Valuation of Investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, 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, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or ask price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each Statement of Financial Position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

### 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 instead is required to measure its investments in these particular subsidiaries at FVTPL.

### Classification

The Fund classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at FVTPL in accordance with IFRS 9, Financial Instruments ("IFRS 9").

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been classified as FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are classified as subsequently measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- ii) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### **Cash and cash equivalents**

Cash is comprised of cash on deposit and cash equivalents and is carried at amortized cost which approximates fair value.

### **Financial Instruments**

The Fund's financial instruments include cash and cash equivalents, dividends receivable, interest receivable, contributions receivable, investments, accrued expenses, redemptions payable, payable for investments purchased and management fees payable. Investments are classified at FVTPL and valued based on the policies described under the heading "Valuation of Investments". All other financial instruments are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Financial liabilities are carried at amortized cost, which closely approximates their fair values given their short-term nature. Please refer to Note 8 for a discussion of the management of financial risks.

### **Recognition/derecognition**

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date – the date it commits to purchase or sell short the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized when, and only when, the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

### **Offsetting Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### **Fair Value Measurement**

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 9 for the fair value measurement analysis.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### **Investment Transactions and Revenue Recognition**

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

The unrealized gain or loss on each investment held by the Fund at the end of the year is determined by the fair value of that investment less the average cost of the investment.

Distributions from income trust holdings ("trusts") are recorded on the ex-distribution date and the components of the distributions are recorded as dividends, capital gains or a return of capital as appropriate and on the basis of the best information available to the Manager. Distributions from trusts that are a return of capital reduce the average cost of the trusts reported on the Schedule of Investment Portfolio.

To the extent that a Fund incurs withholding taxes imposed by certain countries on investment income and capital gains generated in that country, the revenue from such income or gains is recorded net of withholding taxes in the Statement of Comprehensive Income.

### **Foreign Currency Translation**

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 12:00pm Eastern Standard Time (the "noon 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.

### **Net Assets Attributable to Holders per Unit**

The Net Assets attributable to holders of redeemable units per unit are calculated by dividing the Net Assets attributable to holders of redeemable units of a particular series of units by the total number of units of that particular series outstanding at the end of the year.

### **Increase in Net Assets Attributable to Holders per Unit**

Increase in Net Assets attributable to holders of redeemable units per unit is based on the Increase in Net Assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number of units outstanding of that series during the year. Refer to Note 10 for the calculation.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### Taxation of the Fund

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for the calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by each Fund will be minimized.

In any year in which the Fund realizes a net capital loss, caused when realized capital losses exceed realized capital gains, the Fund may carry forward that net capital loss balance to reduce net realized capital gains in subsequent years.

As at December 31, 2023 and 2022, the Fund had realized capital losses available to carry forward to future years as follows:

|                                |    | 2023 | 2022      |
|--------------------------------|----|------|-----------|
| Bellwether Canadian Stock Fund | \$ | nil  | \$ 42,561 |

As at December 31, 2023 and 2022, the Fund had no non-capital losses available to carry forward.

### Distributions

All distributions on redeemable Units of a series will be reinvested automatically in additional Units of the same series, without charge, at the series net asset value per Unit determined as of the date of distribution unless the unitholder otherwise directs in writing. The unitholder may, by written request, receive the distribution payment by cheque or electronic transfer. All distributions are made on a pro rata basis to each registered unitholder, determined as of the close of business on the date of distribution. When redemptions occur during the calendar year, the unitholder may have taxable income and capital gains attributed to them up to the date of redemption.

## 4. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### 5. Redeemable Units of the Fund

Unitholders' equity is considered to be the source of capital for the Funds. The Fund's objectives in managing capital is to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives and to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

Since both the income and expenses of the Fund are reasonably predictable and since the Fund do not have any externally imposed capital requirements, the Trustee believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Trustee actively monitors the cash position and financial performance of the Fund to ensure there are resources to meet current distribution levels.

The Fund may issue an unlimited number of units, which may be divided into an unlimited number of Series. The Fund currently offers Series F and Series O Units. Series A Units may be purchased through investment dealers. Series F Units may be purchased either from investment dealers or directly from the Manager. Series O Units may only be purchased directly from the Manager. Series O Units are available to institutional investors and other selected investors who enter into a managed account agreement with the Manager. The managed account agreement stipulates the negotiated management fee that will be paid by the investor directly to the Manager.

Redeemable Units of the Fund are redeemable at the option of the unitholders in accordance with the provisions of the Offering Memorandum at their Net Asset Value Per Unit and do not have any nominal or par value.

As of December 31, 2023 and 2022 only units of Series F and Series O had been in issue. The changes in outstanding units during the years ended December 31, 2023 and 2022 are summarized as follows:

|             | Redeemable<br>Units, beginning<br>of year | Redeemable<br>Units Issued | Redemptions of<br>Redeemable<br>Units | Reinvestments<br>of Units | Redeemable<br>Units, end of year |
|-------------|---|----------------------------|---------------------------------------|---------------------------|----------------------------------|
| <b>2023</b> |   |                            |                                       |                           |                                  |
| Series F    | 21,667                                    | 3,754                      | (3,755)                               | 385                       | 22,051                           |
| Series O    | 6,894,918                                 | 764,230                    | (980,113)                             | 266,636                   | 6,945,671                        |
| <b>2022</b> |   |                            |                                       |                           |                                  |
| Series F    | 21,312                                    | 277                        | (969)                                 | 1,047                     | 21,667                           |
| Series O    | 6,236,664                                 | 1,326,386                  | (1,411,299)                           | 743,167                   | 6,894,918                        |

### 6. Related Party Transactions

The Fund considers its related parties to consist of key members and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Funds' activities.

*Bellwether Investment Management Inc.*

Bellwether Investment Management Inc. (BIM) is the fund manager of the Fund. Management fees, and operating expenses are paid to BIM by the Fund.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### Management Fees

The Manager of the Fund is entitled to a Management Fee. The applicable Management Fee relating to Series A Units of the Fund is equal to (1/12) of 1.50% of the average Net Asset Value of the Fund relating to such series during each month. The applicable Management Fee relating to the Series F Units of the Fund is equal to (1/12) of 1.00% of the average Net Asset Value of the Fund relating to such series during each month. Management fees relating to the Series O Units of the Fund are paid directly by the unitholder and are not charged to the Fund.

### Operating Expenses

The operating expenses charged to the Bellwether Canadian Stock Fund will be capped at 80 basis points per annum.

## 7. Brokerage Commissions and Other Transaction Costs

The Fund paid \$30,719 (2022 - \$66,306) in brokerage commissions and other transaction costs for portfolio transactions during the year ended December 31, 2023.

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover goods and services provided to the manager other than order execution (soft costs).

As of December 31, 2023 and 2022 the Fund did not have soft costs.

## 8. Risks Associated with Financial Instruments

The investment objective of the Fund is to provide long-term capital growth, primarily through investing in equity securities of companies in Canada. The Fund uses a blended investment style that combines quantitative, qualitative and technical analysis, to uncover companies that it believes have better than average valuations and balance sheet strength and have a demonstrated track record of earnings growth.

The Fund is exposed to various types of risks that are associated with their investment strategies, financial instruments and the markets in which they invest. These financial risks include market risk, (which includes currency risk, interest rate risk and other price risk), credit risk, and liquidity risk

The Manager of the Fund seeks to minimize these risks by employing experienced portfolio managers who manage the security portfolios of the Fund on a daily basis according to market events and the Fund's investment objectives. The Manager further moderates these risks through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objective.

These risks and related risk management practices employed by the Fund are further discussed below:

### (i) Currency Risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates.

The Fund holds all of its assets in Canadian Dollar denominated investments, the functional currency of the Fund.

At December 31, 2023 and 2022, the Fund did not have significant exposure to currency risk.



# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

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### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. The Fund invests excess cash in cash and cash equivalents, the latter being short-term and bearing market interest rates at the time of purchase. As a result, the Fund is not subject to significant interest rate risk due to fluctuations in the prevailing level of market interest rates.

At December 31, 2023 and 2022, the Fund did not have significant exposure to interest rate risk.

### (iii) Other Price Risk

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

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges as disclosed in the Fund's Offering Memorandum.

The Fund's other price risk is affected by changes in actual market prices. At December 31, 2023 and 2022, if the S&P/TSX Composite Total Return index had increased or decreased by 5%, with all other variables held constant, then the approximate increase or decrease to net assets attributable to holders of redeemable units would have been as follows:

|                                    |    | <b>December 31, 2023</b>           |    | <b>December 31, 2022</b>           |
|------------------------------------|----|------------------------------------|----|------------------------------------|
| <b>Market Sensitivity Analysis</b> |    | <b>Estimated Impact on</b>         |    | <b>Estimated Impact on</b>         |
|                                    |    | <b>net assets attributable to</b>  |    | <b>net assets attributable to</b>  |
|                                    |    | <b>holders of redeemable units</b> |    | <b>holders of redeemable units</b> |
| Bellwether Canadian Stock Fund     | \$ | 5,392,784                          | \$ | 5,874,728                          |

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (iv) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. The fair value of a financial instrument takes into account the credit rating of its issuer.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. Credit risk is considered minimal in the Fund because delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund also invests in cash, cash equivalents and short-term investments. The Fund limits exposure to credit loss by placing cash and cash equivalents and other short-term investments with high credit quality government and financial institutions.

At December 31, 2023 and 2022, the Fund did not have significant exposure to credit risk.

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

### For the year ended December 31, 2023

#### (v) Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the Fund's ability to satisfy the weekly cash redemptions of units. Further liquidity risk arises from the fact that redeemable units are redeemable on demand at the unitholder's option. The Fund's investments are considered readily realizable and highly liquid. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

As at December 31, 2023 and 2022, the Fund did not have significant exposure to liquidity risk.

#### 9. Classification of financial instruments – fair value measurements:

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of December 31, 2023 and 2022:

December 31, 2023

|               | Level 1        | Level 2 | Level 3      | Total          |
|---------------|----------------|---------|--------------|----------------|
| <b>Assets</b> |                |         |              |                |
| Equities      | \$ 107,545,966 | \$ –    | \$ 1,399,169 | \$ 108,945,135 |
|               | \$ 107,545,966 | \$ –    | \$ 1,399,169 | \$ 108,945,135 |

December 31, 2022

|               | Level 1        | Level 2 | Level 3      | Total          |
|---------------|----------------|---------|--------------|----------------|
| <b>Assets</b> |                |         |              |                |
| Equities      | \$ 107,386,058 | \$ –    | \$ 1,405,200 | \$ 108,791,258 |
|               | \$ 107,386,058 | \$ –    | \$ 1,405,200 | \$ 108,791,258 |

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

|  | Total        |
|--|--------------|
| Beginning Balance, January 01, 2023                      | \$ 1,405,200 |
| Cost Adjustments   | (6,605)      |
| Change in unrealized appreciation included in net income | 574          |
| Ending Balance, December 31, 2023                        | \$ 1,399,169 |

Realized and unrealized gain (loss) recognized for Level 3 investments are reported in "Change in unrealized gain (loss) on investments and foreign currency" and "Realized gain on sale of investments and foreign currency" in the Statement of Comprehensive Income.

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

|  | Total        |
|--|--------------|
| Beginning Balance, January 01, 2022                      | \$ 1,719,726 |
| Cost Adjustments   | 49,729       |
| Change in unrealized depreciation included in net income | (364,255)    |
| Ending Balance, December 31, 2022                        | \$ 1,405,200 |

# BELLWETHER CANADIAN STOCK FUND

## Notes to Financial Statements

For the year ended December 31, 2023

The significant unobservable inputs used in the fair value measurement of Level 3 investments were:

| Description    | Fair value at<br>December 31,<br>2023 | Fair value at<br>December 31,<br>2022 | Valuation technique  | Unobservable<br>input                          | Range<br>(weighted<br>average)        | Sensitivity to<br>changes in<br>significant<br>unobservable<br>inputs |
|----------------|---------------------------------------|---------------------------------------|--|--|---------------------------------------|---|
| Private equity | \$1,399,169                           | \$1,405,200                           | Valued at Fair Value based on internal models and third party information during the recent year, or Cost. | Lack of market information throughout the year | No alternative assumption to disclose | Additional grey market activity                                       |

### 10. Increase in Net Assets Attributable to Holders of Redeemable Units per Unit

The Increase in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2023 and 2022 is calculated as follows:

|                          | Increase in Net Assets<br>Attributable to Holders of<br>Redeemable Units per<br>Series | Weighted Average of<br>Redeemable Units<br>Outstanding During the<br>Year | Increase in Net Assets<br>Attributable to Holders of<br>Redeemable Units per<br>Unit |
|--------------------------|--|---|--|
| <b>December 31, 2023</b> |  |   |  |
| Series F                 | \$ 26,361  | 21,854  | \$ 1.21  |
| Series O                 | 10,241,239   | 6,591,538   | 1.55   |
| <b>December 31, 2022</b> |  |   |  |
| Series F                 | \$ 1,335   | 21,019  | \$ 0.06  |
| Series O                 | 1,770,559  | 6,736,524   | 0.26   |

### 11. Filing Exemption

The Fund has advised the Ontario Securities Commission that the Fund is relying on the exemption from the filing requirements pursuant to Section 2.11 of National Instrument 81-106.

### 12. Contributions receivable and redemptions payable

Contributions receivable and redemptions payable consists of units purchased/redeemed during the year for which cash has not been received/paid at year end.