

**Financial Statements of**

**CWB MCLEAN & PARTNERS  
DIVERSIFIED FIXED INCOME POOL**

**And Independent Auditor's Report thereon**

**For the year ended December 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of CWB McLean & Partners Diversified Fixed Income Pool

### ***Opinion***

We have audited the financial statements of CWB McLean & Partners Diversified Fixed Income Pool (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of comprehensive (loss) income for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

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



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

March 30, 2023

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Statements of Financial Position (in Canadian dollars)

As at December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Investments, at fair value (note 6)	\$ 370,714,910	\$ 396,265,634
Cash	–	259,881
Subscriptions receivable	56,331	14,645
Interest receivable	2,496,338	1,614,920
Dividends receivable	429,944	298,148
<b>Total assets</b>	<b>373,697,523</b>	<b>398,453,228</b>
<b>Liabilities</b>		
Bank overdraft	3,133,987	–
Redemptions payable	19,731	317,151
Distributions payable	–	2,140,519
<b>Total liabilities</b>	<b>3,153,718</b>	<b>2,457,670</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 370,543,805</b>	<b>\$ 395,995,558</b>
Number of redeemable units outstanding (note 7)	41,950,599	38,288,907
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 8.83</b>	<b>\$ 10.34</b>

See accompanying notes to financial statements.

On behalf of the Fund by its Fund Manager, CWB Wealth Management Ltd



Matthew Evans  
President & Chief Executive Officer



R. Matthew Rudd  
Chief Financial Officer

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Statement of Comprehensive (Loss) Income

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

	2022	2021
Dividends	\$ 5,497,677	\$ 4,956,936
Interest for distribution purposes	13,296,982	10,210,371
Securities lending	70,410	84,861
Changes in fair value of investments		
Net realized (loss) gain on sale of investments	(3,020,329)	4,172,424
Net foreign exchange gain (loss) on cash	130,617	(11,572)
Net other gain (loss)	191,171	(122,260)
Change in unrealized (depreciation) appreciation of investments	(57,853,832)	7,978,155
Total investment (loss) income	(41,687,304)	27,268,915
Bank overdraft charges	3,775	1,420
Withholding taxes	184,433	106,256
Custodian and administrative fees (note 5)	52,659	55,340
Unitholder recording fees (note 5)	32,331	27,986
Fund valuation costs (note 5)	24,063	28,438
Transaction costs (note 5)	6,710	39,604
Total expenses	303,971	259,044
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (41,991,275)	\$ 27,009,871
(Decrease) increase in net assets attributable to holders of redeemable units per unit	\$ (1.04)	\$ 0.79

See accompanying notes to financial statements.

## **CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL**

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

	2022	2021
Net assets attributable to holders of redeemable units at beginning of year	\$ 395,995,558	\$ 306,476,337
(Decrease) increase in net assets attributable to holders of redeemable units	(41,991,275)	27,009,871
Distributions to holders of redeemable units from:		
Net investment income	(18,498,882)	(14,904,113)
Net realized capital gains	–	(1,073,397)
Total distributions to holders of redeemable units	(18,498,882)	(15,977,510)
Redeemable unit transactions:		
Proceeds from redeemable units issued	53,647,719	83,993,582
Reinvestments of distributions to holders of redeemable units	6,633,317	5,345,590
Redemption of redeemable units	(25,242,632)	(10,852,312)
Net increase from redeemable unit transactions	35,038,404	78,486,860
Net (decrease) increase in net assets attributable to holders of redeemable units	(25,451,753)	89,519,221
Net assets attributable to holders of redeemable units at end of year	\$ 370,543,805	\$ 395,995,558

See accompanying notes to financial statements.

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Statement of Cash Flows

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (41,991,275)	\$ 27,009,871
Adjustment for:		
Net foreign exchange (gain) loss on cash	(130,617)	11,572
Net realized loss (gain) on sale of investments	3,020,329	(4,172,424)
Net change in unrealized depreciation (appreciation) of investments	57,853,832	(7,978,155)
Purchases of investments	(165,260,475)	(300,219,034)
Proceeds from sale of investments	129,937,038	223,590,941
Interest receivable	(881,418)	(425,617)
Dividends receivable	(131,796)	(117,117)
Net cash used in operating activities	(17,584,382)	(62,299,963)
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units	(14,006,084)	(10,948,010)
Proceeds from issuance of redeemable units	53,606,033	84,055,937
Amounts paid on redemption of redeemable units	(25,540,052)	(10,542,875)
Net cash provided by financing activities	14,059,897	62,565,052
Net (decrease) increase in cash during the year	(3,524,485)	265,089
Foreign exchange gain (loss) on cash	130,617	(11,572)
Cash, beginning of the year	259,881	6,364
(Overdraft) cash, end of year	\$ (3,133,987)	\$ 259,881
<b>Supplemental disclosure of cash flow information</b>		
Interest received	\$ 12,305,738	\$ 9,732,218
Dividends received, net of withholding taxes	\$ 5,291,273	\$ 4,786,099

See accompanying notes to financial statements.



## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio

(in Canadian dollars)

As at December 31, 2022

Description	Par Value	Average Cost	Fair Value
<b>Canadian Bonds:</b>			
Government of Canada & Guaranteed (8.09%):			
Government of Canada, Real Return 4.25%, 2026/12/01	3,000,000	\$ 8,496,202	\$ 5,791,260
Government of Canada, Real Return 4.00%, 2031/12/01	3,765,000	10,822,146	7,711,247
Government of Canada, 4.00%, 2041/06/01	3,000,000	3,657,393	3,257,538
Government of Canada, Real Return 1.50%, 2044/12/01	3,900,000	6,066,465	5,451,498
Government of Canada, Real Return 0.50%, 2050/12/01	7,750,000	<u>9,208,177</u>	<u>7,744,497</u>
		<u>38,250,383</u>	<u>29,956,040</u>
Corporate (34.11%):			
Air Canada, Callable, 4.63%, 2029/08/15	2,000,000	2,000,000	1,763,312
ARC Resources Ltd., Callable, 3.47%, 2031/03/10	5,000,000	5,061,720	4,334,406
Bank of Montreal, Series '14', Floating Rate, 4.76%, 2023/02/01	3,000,000	2,989,140	2,999,760
Bank of Nova Scotia, Series '1', Variable Rate, Callable, 3.70%, 2081/07/27	4,000,000	4,000,000	3,027,990
Canadian Tire Corp. Ltd., Callable, 6.50%, 2028/04/13	1,800,000	2,141,586	1,911,442
Canadian Western Bank, Callable, 2.60%, 2024/09/06	1,000,000	1,000,000	955,081
Canadian Western Bank, Series 'F', Variable Rate, Callable, 3.67%, 2029/06/11	3,300,000	3,306,275	3,185,146
Daimler Canada Finance Inc., 2.97%, 2024/03/13	500,000	499,910	486,455
Daimler Trucks Finance Canada Inc., 5.18%, 2025/09/19	4,000,000	4,005,340	3,971,480
Daimler Trucks Finance Canada Inc., 2.46%, 2026/12/15	4,000,000	4,012,720	3,583,048
Enbridge Inc., Variable Rate, Callable, 5.38%, 2077/09/27	2,000,000	1,870,000	1,827,045
Enbridge Inc., Series 'C', Variable Rate, Callable, 6.63%, 2078/04/12	3,000,000	2,973,750	2,886,639
Enbridge Inc., Variable Rate, Restricted, Callable, 5.00%, 2082/01/19	5,000,000	4,950,000	4,138,945
Fairfax Financial Holdings Ltd., Callable, 4.25%, 2027/12/06	5,450,000	5,423,284	5,176,883
Fairfax Financial Holdings Ltd., Callable, 4.23%, 2029/06/14	3,100,000	3,098,512	2,874,857
Fairfax Financial Holdings Ltd., Callable, 3.95%, 2031/03/03	6,000,000	6,012,600	5,259,121
Ford Credit Canada Co., Floating Rate, 7.98%, 2024/03/21	5,000,000	5,152,750	5,098,180
Ford Credit Canada Co., Callable, 2.96%, 2026/09/16	1,000,000	1,000,000	878,437
Intact Financial Corp., Callable, 3.77%, 2026/03/02	500,000	499,915	483,130
Intact Financial Corp., Callable, 2.85%, 2027/06/07	3,000,000	3,017,520	2,769,802
Intact Financial Corp., 6.40%, 2039/11/23	3,000,000	3,915,630	3,333,356
Intact Financial Corp., Variable Rate, Restricted, Callable, 4.13%, 2081/03/31	3,500,000	3,294,750	2,929,693

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Par Value	Average Cost	Fair Value
<b>Canadian Bonds (continued):</b>			
Corporate (continued):			
National Bank of Canada, Series '1', Variable Rate, Callable, 4.30%, 2080/11/15	3,000,000	\$ 3,121,500	\$ 2,710,286
National Bank of Canada, Variable Rate, Callable, 4.05%, 2081/08/15	5,000,000	5,018,500	3,841,708
Pembina Pipeline Corp., Variable Rate, Callable, 4.80%, 2081/01/25	8,200,000	8,008,500	6,721,072
Rogers Communications Inc., Callable, 3.65%, 2027/03/31	5,000,000	5,394,390	4,720,148
Rogers Communications Inc., Restricted, Callable, 3.75%, 2029/04/15	3,000,000	2,805,000	2,774,223
Rogers Communications Inc., Variable Rate, Restricted, Callable, 5.00%, 2081/12/17	3,000,000	3,041,250	2,710,615
Royal Bank of Canada, Series 'BT', Variable Rate, Perpetual, 4.20%, 2049/12/31	4,000,000	4,020,000	3,106,628
Sagen MI Canada, Variable Rate, Callable, 4.95%, 2081/03/24	2,000,000	2,012,500	1,602,118
Saputo Inc., Callable, 2.83%, 2023/11/21	1,250,000	1,250,000	1,224,317
Sobeys Inc., Series 'D', 6.06%, 2035/10/29	1,000,000	1,037,500	1,009,020
Sobeys Inc., 6.64%, 2040/06/07	2,800,000	3,010,237	2,984,835
Sun Life Financial Inc., Variable Rate, Callable, 3.05%, 2028/09/19	1,600,000	1,597,696	1,571,035
Toronto Dominion Bank, Variable Rate, Callable, 4.86%, 2031/03/04	1,600,000	1,607,720	1,571,155
Toronto Dominion Bank, 'Series 27', Variable Rate, Perpetual, 5.75%, 2049/12/31	6,000,000	5,855,000	5,335,680
Toronto Dominion Bank, 'Series 28', Variable Rate, Perpetual, 7.23%, 2049/12/31	4,000,000	4,000,000	4,018,884
Toronto Dominion Bank, 'Series 1', Variable Rate, Callable, 3.60%, 2081/10/31	7,000,000	6,849,000	5,308,609
Toronto Dominion Bank, Variable Rate, Callable, 7.28%, 2082/10/31	2,000,000	2,000,000	1,974,020
TransCanada PipeLines Ltd., Variable Rate, Callable, 6.82%, 2067/05/15	2,310,000	2,759,955	2,464,919
TransCanada Trust, Series '2017-A', Variable Rate, Callable, 4.65%, 2077/05/18	5,000,000	4,618,940	4,474,805
TransCanada Trust, Variable Rate, Callable 4 20%, 2081/03/04	3,000,000	<u>2,520,000</u>	<u>2,396,070</u>
		<u>140,753,090</u>	<u>126,394,355</u>
Total Canadian Bonds (42.20%)		<u>179,003,473</u>	<u>156,350,395</u>
<b>International Bonds:</b>			
Australia (0.67%):			
BHP Billiton Finance Ltd., 3.23%, 2023/05/15	2,500,000	<u>2,550,425</u>	<u>2,485,450</u>

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Par Value/ Number of Shares	Average Cost	Fair Value
<b>International Bonds (continued):</b>			
France (4.53%)			
BNP Paribas SA, Variable Rate, Callable, 2.54% 2029/07/13	6,500,000	\$ 6,497,360	\$ 5,486,487
BNP Paribas SA, Variable Rate, Perpetual, 4.63% 2049/12/31	7,500,000	9,547,288	8,032,109
Credit Agricole SA, Variable Rate, Perpetual, 4.75% 2049/12/31	3,000,000	<u>3,752,623</u>	<u>3,267,804</u>
		<u>19,797,271</u>	<u>16,786,400</u>
Italy (3.01%):			
Intesa Sanpaolo SPA, Callable, 4.20%, 2032/06/01	5,000,000	6,162,580	5,006,335
Intesa Sanpaolo SPA, Variable Rate, Perpetual, 7.70%, 2049/12/31	5,000,000	<u>6,244,152</u>	<u>6,170,104</u>
		<u>12,406,732</u>	<u>11,176,439</u>
Luxemburg (0.06%):			
Mitsubishi UFJ Investor Services & Banking (Luxembourg) SA, Floating Rate, Callable, 5.63%, 2099/12/30	2,500,000	<u>1,233,888</u>	<u>216,910</u>
Netherlands (1.35%):			
AerCap Holdings NV, Variable Rate, Callable, 5.88%, 2079/10/10	4,000,000	<u>4,917,841</u>	<u>4,991,094</u>
United States (19.94%):			
Ally Financial Inc., Variable Rate, Perpetual, 4.70%, 2049/12/31	4,000,000	4,312,556	3,592,623
Anheuser-Busch InBev Finance Inc., Callable, 4.32%, 2047/05/15	1,450,000	1,459,569	1,215,694
Bank of America Corp., Variable Rate, Callable, 3.30%, 2024/04/24	1,000,000	987,600	992,135
Bank of America Corp., Variable Rate, Callable, 3.41%, 2025/09/20	4,200,000	4,207,860	4,052,937
Citigroup Inc., 4.09%, 2025/06/09	4,000,000	4,019,800	3,863,520
Citigroup Inc., Variable Rate, Callable, 5.16%, 2027/05/24	5,000,000	5,229,490	4,930,440
Citigroup Inc., Series 'M', Variable Rate, Perpetual, 6.30%, 2049/12/31	3,000,000	3,889,823	3,860,530
Edison International, Series 'A', Variable Rate, Perpetual, 5.38%, 2049/12/31	5,000,000	6,314,201	5,741,342
Goldman Sachs Group Inc. (The), Floating Rate, Callable, 4.93%, 2025/04/29	6,200,000	6,200,972	6,073,346
Goldman Sachs Group Inc. (The), Variable Rate, Callable, 2.60%, 2027/11/30	3,500,000	3,500,000	3,171,595
ILFC E-Capital Trust I, Variable Rate, Callable, 6.29%, 2065/12/21	6,500,000	6,392,353	5,218,251
ILFC E-Capital Trust II, Variable Rate, Callable, 6.54%, 2065/12/21	4,000,000	4,248,195	3,537,937
JPMorgan Chase & Co., Series 'KK', Variable Rate, Perpetual, 3.65%, 2049/12/31	5,000,000	6,159,184	5,817,817
Molson Coors International L.P., Callable, 3.44%, 2026/07/15	2,500,000	2,464,700	2,382,700

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Number of Shares	Average Cost	Fair Value
<b>International Bonds (continued):</b>			
United States (continued):			
Morgan Stanley, 3.00%, 2024/02/07	2,500,000	\$ 2,499,525	\$ 2,435,538
Morgan Stanley, Floating Rate, Callable, 5.17%, 2025/03/21	5,000,000	5,000,000	4,897,100
Wells Fargo & Co., 2.51%, 2023/10/27	2,400,000	2,393,540	2,345,796
Wells Fargo & Co., 3.87%, 2025/05/21	3,950,000	3,987,370	3,797,787
Wells Fargo & Co., Variable Rate, Callable, 2.57%, 2026/05/01	2,000,000	2,000,000	1,874,500
Wells Fargo & Co., 2.49%, 2027/02/18	1,800,000	1,800,000	1,617,453
Wells Fargo & Co., Series 'S', Variable Rate, Perpetual, 5.90%, 2049/12/31	2,000,000	2,526,349	2,465,914
		<u>79,593,087</u>	<u>73,884,955</u>
Total International Bonds (29.56%)		<u>120,499,244</u>	<u>109,541,248</u>
<b>Canadian Preferred Equities:</b>			
Consumer Staples (0.89%)			
George Weston Ltd., 5.20%, Preferred, Series 'III', Perpetual	14,600	375,658	290,978
George Weston Ltd., 4.75%, Preferred, Series, 'V', Perpetual	16,500	414,480	312,675
Loblaw Cos. Ltd., 5.30%, Preferred, Series 'B', Perpetual	120,000	3,000,000	2,678,400
		<u>3,790,138</u>	<u>3,282,053</u>
Energy (2.53%)			
AltaGas Ltd., Series 'A', Variable Rate, Perpetual	152,400	2,330,022	2,225,040
Enbridge Inc., Preferred, Series '9', Variable Rate, Perpetual	20,000	426,600	310,400
Enbridge Inc., 4.00%, Preferred, Series 'H', Perpetual	23,300	445,729	372,800
Pembina Pipeline Corp., Preferred, Class 'A', Series '21', Variable Rate, Perpetual	68,000	1,700,000	1,571,480
Pembina Pipeline Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual	16,800	380,016	275,520
Pembina Pipeline Corp., Preferred, Series '9', Variable Rate, Perpetual	50,000	1,250,000	969,500
TC Energy Corp., Preferred, Series '9' Variable Rate, Perpetual	50,000	793,400	750,000
TC Energy Corp., Preferred, Series '1', Variable Rate, Perpetual	20,900	419,672	284,449
TC Energy Corp., Preferred, Series '4', Floating Rate, Perpetual	31,000	449,190	410,440
TC Energy Corp., Preferred, Series '7', Variable Rate, Perpetual,	143,600	2,913,882	2,202,824
		<u>11,108,511</u>	<u>9,372,453</u>

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Number of Shares	Average Cost	Fair Value
<b>Canadian Preferred Equities (continued):</b>			
Financial Services (11.12%):			
Brookfield Asset Management Inc., Preferred, Class 'A', Series '13', Floating Rate	439,250	\$ 5,682,707	\$ 5,631,185
Brookfield Asset Management Inc., Preferred, Series '44', Variable Rate, Perpetual	25,000	625,500	585,250
Brookfield Corp., 6.45%, Preferred, Series '51', Perpetual	110,900	2,104,117	1,845,376
Brookfield Office Properties Inc., 4.60%, Preferred, Class 'AAA', Series 'T', Perpetual	307,000	6,203,180	4,941,165
Brookfield Office Properties Inc., Preferred, Class 'CC', Variable Rate, Perpetual	85,000	2,212,500	1,882,750
Brookfield Property Split Corp., Preferred, Class 'A', Series '3', Perpetual	44,490	1,122,483	1,103,352
Fairfax Financial Holdings Ltd., Preferred, Series 'E' Variable Rate, Callable	106,700	1,805,418	1,435,115
Fairfax Financial Holdings Ltd., Preferred, Series 'H', Floating Rate, Perpetual	53,400	1,143,721	892,314
Fairfax Financial Holdings Ltd., Preferred, Series 'M', Variable Rate, Perpetual	136,500	3,402,435	2,716,350
Great-West Lifeco Inc., Preferred, Series 'N', Variable Rate, Perpetual	122,000	2,623,200	1,478,640
Great-West Lifeco Inc., 5.25%, Preferred, Series 'S', Non-cumulative, Perpetual	75,000	1,859,750	1,515,000
Intact Financial Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual	20,500	510,245	338,660
Intact Financial Corp., Series '1', Variable Rate, Perpetual	223,000	4,642,797	3,866,820
Manulife Financial Corp., Preferred, Series '11', Variable Rate, Perpetual	25,000	625,250	493,750
Power Corp. of Canada, 5.80%, Preferred, Series 'C', Perpetual	13,140	336,121	298,278
Power Financial Corp., 5.50%, Preferred, Series 'R', Perpetual	95,000	2,382,100	2,031,100
Royal Bank of Canada, Preferred, Series 'BD', Variable Rate, Perpetual	118,000	2,950,900	2,200,700
Royal Bank of Canada, 4.90%, Preferred, Series 'BH', Perpetual	100,000	2,500,000	2,139,000
Royal Bank of Canada, 4.90%, Preferred, Series 'BI', Perpetual	11,000	288,750	234,355
Sun Life Financial Inc., Class 'A', Series '10R', Variable Rate, Perpetual	21,800	505,978	328,526
Sun Life Financial Inc., Preferred, Class 'A', Series '9QR', Non-Cumulative, Floating Rate	100,000	2,194,000	1,530,000

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Number of Shares	Average Cost	Fair Value
<b>Canadian Preferred Equities (continued):</b>			
Financial Services (continued):			
Toronto Dominion Bank, Preferred, Variable Rate, Perpetual	125,000	\$ 3,125,000	\$ 3,066,250
Toronto Dominion Bank, Preferred, Series '3', Variable Rate, Perpetual	18,200	452,088	317,226
Toronto Dominion Bank, Preferred, Series '7', Variable Rate, Perpetual	18,500	<u>464,350</u>	<u>351,685</u>
		<u>49,762,590</u>	<u>41,222,847</u>
Information Technology (0.11%):			
Thomson Reuters Corp., Preferred, Series 'II', Floating Rate	30,100	<u>465,045</u>	<u>398,825</u>
Telecommunication Services (4.17%):			
BCE Inc., 4.65%, Preferred, Class 'A', Series '19', Perpetual	23,500	493,500	357,200
BCE Inc., Preferred, Series 'A', Series 'AG', Variable Rate, Perpetual	111,200	2,141,948	1,680,232
BCE Inc., Preferred, Series 'AA', Variable Rate, Perpetual,	24,320	512,665	425,357
BCE Inc., Preferred, Series 'AC', Variable Rate, Perpetual	264,200	3,913,988	4,825,613
BCE Inc., Preferred, Series 'AF', Variable Rate, Perpetual	101,400	2,090,662	1,695,915
BCE Inc., 3.93%, Preferred, Series 'T', Perpetual	200,000	4,840,955	3,508,000
BCE Inc., 2.45%, Preferred, Series 'Y', Variable Rate, Perpetual	163,300	<u>3,148,827</u>	<u>2,957,363</u>
		<u>17,142,545</u>	<u>15,449,680</u>
Utilities (1.92%):			
Brookfield Renewable Power Preferred Equity Inc., 5.00%, Series '6', Perpetual	60,000	1,231,200	1,094,400
Canadian Utilities Ltd., Preferred, Series 'FF', Variable Rate, Perpetual	100,000	2,500,000	2,432,000
Canadian Utilities Ltd., Preferred, Series 'Y', Variable Rate, Perpetual	21,500	501,810	412,263
CU Inc., 4.60%, Preferred, Series '1', Perpetual	17,100	431,775	310,108
CU Inc., 3.80%, Preferred, Series '4', Perpetual	190,000	3,394,300	2,531,750
Fortis Inc., Preferred, Series 'K', Variable Rate, Perpetual	22,500	<u>508,500</u>	<u>353,025</u>
		<u>8,567,585</u>	<u>7,133,546</u>
Total Canadian Preferred Equities (20.74%)		<u>90,836,414</u>	<u>76,859,404</u>

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

### Schedule of Investment Portfolio (continued)

(in Canadian dollars)

As at December 31, 2022

Description	Number of Shares / Par Value	Average Cost	Fair Value
<b>International Preferred Equities:</b>			
United States (2.77%):			
AGNC Investment Corp., Preferred, Series 'E', Variable Rate, Perpetual	140,578	\$ 4,478,388	\$ 3,788,571
AGNC Investment Corp., Preferred, Series 'G' Variable Rate, Perpetual	118,525	4,067,334	3,517,040
JPMorgan Chase & Co., 4.20%, Preferred, Series 'MM' Perpetual	125,375	<u>3,939,909</u>	<u>2,964,351</u>
		<u>12,485,631</u>	<u>10,269,962</u>
Total International Preferred Equities (2.77%)		<u>12,485,631</u>	<u>10,269,962</u>
<b>Canadian Equities:</b>			
Financial Services (0.12%):			
Brookfield Asset Management Ltd.	11,422	<u>573,710</u>	<u>442,831</u>
Total Canadian Equities (0.12%)		<u>573,710</u>	<u>442,831</u>
<b>International Equities:</b>			
United States (1.05%):			
AGNC Investment Corp.	277,000	<u>5,753,582</u>	<u>3,884,574</u>
Total International Equities (1.05%)		<u>5,753,582</u>	<u>3,884,574</u>
<b>Short-Term Investments:</b>			
Short-Term Investments - CAD			
Canadian Imperial Bank of Commerce, Demand Deposit, Variable Rate	12,160,149	<u>12,160,149</u>	<u>12,162,155</u>
Short-Term Investments - USD			
CIBC Mellon Trust, Demand Deposit, Variable Rate	888,845	<u>1,197,308</u>	<u>1,204,341</u>
Total Short-Term Investments (3.61%)		<u>13,357,457</u>	<u>13,366,496</u>
Adjustment for transaction costs included in average cost		(132,482)	–
Total Investments (100.05%)		\$ 422,377,029	\$ 370,714,910
Other net liabilities (-0.05%)			(171,105)
Total Net Assets Attributable to Holders of Redeemable Units (100.00%)			\$ 370,543,805

See accompanying notes to financial statements.

# **CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL**

Notes to Financial Statements  
(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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## **General:**

CWB McLean & Partners Diversified Fixed Income Pool (the “Fund”) is an open-ended unit trust created under the laws of the Province of Alberta and governed by the Second Amended and Restated Declaration of Trust dated March 22, 2018. The address of the Fund’s registered office is 801 10 Avenue SW, Calgary, Alberta. The Fund’s units are not traded in a public market and it does not file its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market.

Under the Declaration of Trust, the Fund may issue an unlimited number of units in an unlimited number of series.

CWB Wealth Management Ltd. (“CWB Wealth” or the “Fund Manager”), a company incorporated under the laws of the Province of Alberta, is a registered investment fund manager with the Alberta and Ontario Securities Commissions. CWB Wealth is the administrative manager, investment advisor and promoter of the Fund. CWB Wealth replaced CWB McLean & Partners Wealth Management Ltd. as the fund manager on April 1, 2022 after CWB McLean & Partners Wealth Management Ltd. resigned effective as of midnight on March 31, 2022. CWB Wealth is the parent company of CWB McLean & Partners Wealth Management Ltd., now called CWB Wealth Partners Ltd.

CIBC Mellon Global Securities Services Company is the administrator and custodian of the Fund and CIBC Mellon Trust Company is the trustee of the Fund (collectively, “CIBC Mellon”).

## **1. Investment objective of the Fund:**

The objective of the Fund is to generate returns through income and maximize the total returns by investing in debt and debt-like securities from governments and corporations from around the world.

The assets of the Fund will be managed within certain specified guidelines to ensure adequate portfolio diversification. There is a maximum of 50% holding in global securities and minimum 50% holding in Canadian securities. There is a maximum of 20% holding in non-investment grade corporate bonds; maximum 30% in preferred shares and maximum 12% in cash and cash equivalents.

Net capital gains and net investment income are calculated in accordance with the provisions of the Income Tax Act (Canada) and the Fund will make quarterly distributions of net income and an annual distribution of net realized capital gains to the unitholders such that no income tax is provided for by the Fund.

Effective October 29, 2021, the JOV Leon Frazer Preferred Equity Fund (“JOV”), as the terminated fund, merged into the CWB McLean Diversified Fixed Income Pool, the continuing fund. JOV was managed by CWB Wealth. In the merger, the investors of the terminated fund exchanged their units of the terminated fund for units of the continuing fund in an exchange ratio determined by the net asset values of the funds on the date of the merger.



# CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 2

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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## 2. Basis of presentation and measurement:

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). The policies applied in the financial statements are based on IFRS issued as of December 31, 2022. These financial statements have been prepared on the historical cost basis except for financial assets and liabilities recorded at fair value through profit or loss.

The financial statements of the Fund were approved and were authorized for issue by the Fund Manager's Board of Directors on behalf of the Fund on March 30, 2023.

## 3. Summary of significant accounting policies:

(a) Financial instruments:

(i) Classification:

Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). Cash, subscriptions receivable, interest receivable, dividends receivable, bank overdraft, redemptions payable, and distributions payable are classified as subsequently measured at amortized cost. Investments and net assets attributable to holders of redeemable units are classified as FVTPL.

The Fund's business model is one in which financial assets are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets' fair values and assets are managed to realize these fair values. This business model is aligned with the FVTPL classification and measurement category therefore the Fund measures its investments at FVTPL. Debt securities are designated at FVTPL as the Fund does not expect to hold the assets to collect contractual cash flows based on its business model. Collection of the contractual cash flows is not integral to achieving the Fund's business model objective but is instead incidental to it.

(ii) Expected credit losses:

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Fund measures loans and trade receivables at amortized cost.

IFRS 9, *Financial Instruments*, requires that an entity recognize an allowance for expected credit losses on financial assets which are measured at amortized cost or FVOCI, except for investments in equity instruments. Financial assets held by the Fund which are measured at FVTPL are not subject to the impairment requirements.

## **CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL**

Notes to Financial Statements, page 3

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### **3. Summary of significant accounting policies (continued):**

(a) Financial instruments (continued):

(ii) Expected credit losses (continued):

With respect to loans and receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all loans and receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term.

Given the negligible exposure of the Fund to credit risk, no allowance for expected credit losses has been recognized.

(iii) Measurement and recognition of financial instruments:

Portfolio investments, including short-term investments, are recognized at fair value upon initial recognition. The Fund's investments are classified as FVTPL and measured at fair value. Factors leading to the FVTPL designation include the performance evaluation and management of the investments of the Fund on a fair value basis.

The other financial assets and liabilities of the Fund are recognized at fair value on the date they originate and are subsequently measured at amortized cost.

Portfolio investment transactions are accounted for on a trade date basis. Realized gain/loss on sale of investments and unrealized appreciation/depreciation on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities.

Portfolio investments listed on recognized public securities exchanges are valued using the last trade price on the securities exchange on which they are principally traded. If no trade volume is reported to have taken place, closing bid quotations for long positions and closing ask quotations for short positions from the primary exchange or market makers will be used. Portfolio investments not listed on recognized public securities exchanges, or for which reliable quotations are not readily available, are valued using valuation techniques, as determined pursuant to procedures established by the Fund Manager.

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 4

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### 3. Summary of significant accounting policies (continued):

#### (a) Financial instruments (continued):

##### (iii) Measurement and recording of financial instruments (continued):

Options are valued at their close price as reported by the principal exchange or over-the-counter market on which the contract is traded. Premiums paid for purchased call and put options are included in options purchased in the Statement of Financial Position. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For the closing transaction of the purchased put options, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included as a liability for written options in the Statement of Financial Position. When a written option expires unexercised, premiums received from writing options are recorded as income on the Statement of Comprehensive (Loss) Income. When a written call option is exercised, the Fund will record a realized gain or loss depending on whether the cost of closing the transaction exceeds the premium received. When a written put is exercised, the cost of the security purchased is reduced by the premiums received at the time the option was written.

##### (iv) Fair value hierarchy:

IFRS 13 "Fair Value Measurement" requires a fair value hierarchy for disclosure of the inputs used in the valuation of each financial asset and liability reported by a Fund. The hierarchy of inputs is as follow:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are based on observable market data for assets or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of the assets' or liabilities' assigned levels. The level summary base on the hierarchy of inputs is disclosed in Note 6. All transfers are deemed to occur at the end of each reporting period.

Equity securities using quoted market prices are included in Level 1.

Fixed-income securities valued at an evaluated bid price as reported by the primary valuation source on the valuation date are included in Level 2.

Level 3 financial instruments consist of portfolio investments not listed on recognized public securities exchanges or for which reliable quotations are not readily available are valued using valuation techniques as determined pursuant to procedures established by the Fund Manager.

# CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 5

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### 3. Summary significant accounting policies (continued):

(b) Investment income:

Investment transactions are recorded on the trade date. Interest for distribution purposes is coupon interest recognized on an accrual basis and or imputed interest on zero coupon bonds. Dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis.

The Fund generally incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive (Loss) Income.

(c) Foreign currency translation:

The Fund's functional and presentation currency is Canadian dollars. Transactions in foreign currencies are translated into the Fund's reporting currency using the exchange rate prevailing on the trade date. The quoted fair value of investments and other assets and liabilities denominated in foreign currencies is translated at the period-end exchange rate.

Foreign exchange gains and losses relating to cash are presented as "Net foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities represented with "Net realized gain (loss) on sale of investments and derivatives" and "Changes in net unrealized appreciation (depreciation) on investments and derivatives" in the Statement of Comprehensive (Loss) Income.

(d) Cash and bank overdrafts:

Cash is comprised of deposits with financial institutions. Outstanding bank overdraft balances are short-term in nature and used to accommodate distributions to unitholders and unit redemption requests while the Funds effect an orderly liquidation of portfolio assets. Cash and bank overdrafts are carried at cost which approximates fair value.

(e) Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Fund has a legal right to offset the amounts and it intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

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

Net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units by the number of redeemable units outstanding at the end of the period. Increase (decrease) in net assets attributable to holders of redeemable units per unit in the Statement of Comprehensive (Loss) Income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

# **CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL**

Notes to Financial Statements, page 6

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### **3. Summary significant accounting policies (continued):**

#### **(g) Transaction costs**

Transaction costs are expensed and are included in the Statement of Comprehensive (Loss) Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

### **4. Critical accounting estimates and judgments:**

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

#### *Fair value measurement of derivatives and securities not quoted in active market*

At times, the Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

### **5. Fees and expenses:**

All fees and expenses applicable to the administration, operation and directly attributable to portfolio transactions which include fees and commissions paid to brokers, dealers, and CIBC Mellon are payable by the Fund. At its discretion, the Fund Manager may, but is not obligated to, pay any of such expenses.

### **6. Financial risk management:**

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats may significantly affect the economy and the markets and issuers in which a fund invests. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors and industries more significantly than others, and exacerbate other pre-existing political, social, and economic risks. The Fund's performance could be negatively impacted if the value of a portfolio holding were harmed by such events.

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 7

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### 6. Financial risk management (continued):

The Fund's activities expose it to a variety of financial risks. The Fund Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Fund Manager also maintains a governance structure that monitors compliance with the Fund's stated investment strategy and securities regulations.

#### Market risk:

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The Fund's strategies on the management of investment risk are driven by the Fund's investment objective to provide superior returns through capital appreciation and income by investing in equity securities of companies that have a history of dividend growth anywhere in the world.

Details of the nature of the Fund's investment portfolio at December 31, 2022 are disclosed in the Schedule of Investment Portfolio.

#### (a) Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

December 31, 2022	Currency Exposure	As a % of Net Assets
U.S. Dollar	\$ 76,646,764	20.69%
Euro	237,354	0.06%

  

December 31, 2021	Currency Exposure	As a % of Net Assets
U.S. Dollar	\$ 67,930,512	17.15%
Euro	271,687	0.07%

As at December 31, 2022, had the Canadian dollar strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$769,000 (2021 – \$682,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 8

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

### 6. Financial risk management (continued):

#### Market risk (continued):

##### (b) 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. Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio. 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. The Fund's exposure to interest rate risk is concentrated in its investment in bonds. There are no interest-bearing financial liabilities.

The table below summarizes the Fund's exposure to interest rate risks which presents the Fund's assets at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

Debt Securities by Maturity Date	December 31, 2022
Less than 1 year	\$ 22,421,819
1 - 3 years	49,120,107
3 - 5 years	68,345,826
Greater than 5 years	139,370,387
Total	\$ 279,258,139

Debt Securities by Maturity Date	December 31, 2021
Less than 1 year	\$ 30,487,968
1 - 3 years	25,872,741
3 - 5 years	58,760,221
Greater than 5 years	169,636,962
Total	\$ 284,757,892

As at December 31, 2022, had the prevailing interest rates increased or decreased by 100 basis points, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$25,237,000 (2021 – \$23,988,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

##### (c) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk and 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. All equity securities subject to market risk are listed in the Schedule of Investment Portfolio; to the extent there is a change in markets they are traded in, the portfolio will be affected accordingly. Maximum losses due to other price risk would be equivalent to the fair value of the securities.

# CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 9

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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## 6. Financial risk management (continued):

### Market risk (continued):

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

As at December 31, 2022, a 1% change in the price of equity investments held in the Fund's portfolio would have changed the Fund's net assets attributable to holders of redeemable units by approximately \$915,000 (2021 – \$1,115,000) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

### 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. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of bonds, derivatives, and other financial assets as presented on the Schedule of Investment Portfolio represents the maximum credit risk exposure as at December 31, 2022.

As at December 31, 2022 and 2021, the Fund's credit risk exposure of investments in debt securities are grouped by credit ratings as listed in the following table:

Debt Securities by credit rating	December 31, 2022	December 31, 2021
AAA	11.80%	12.85%
A	14.93%	20.03%
BBB	51.21%	45.96%
Below BBB	22.06%	21.16%
Total	100.00%	100.00%

Credit risk arising on transactions for shares purchased and sold relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved. Also, legal entitlement will not pass until all monies have been received for the shares purchased or the portfolio assets sold. If either party does not meet its obligation then the transaction will fail.

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund enters into securities lending transactions with approved counterparties through the securities lending program with the custodian, CIBC Mellon Global Securities Services Company.

Credit risk associated with these transactions is considered minimal as the Fund transacts with creditworthy counterparties and the Fund is indemnified by the custodian for collateral credit or market loss.

All cash is held on deposit with Canadian financial institutions; accordingly, no significant credit risk relates to cash.



## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 10

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

### 6. Financial risk management (continued):

#### Liquidity risk:

The Fund's exposure to liquidity risk is concentrated in the cash redemptions of units. Redemption notices must be received by the Fund prior to the redemption trade date and redemption payments are made by the Fund within three business days of the redemption trade date.

To manage the liquidity risk, the Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund Manager monitors the cash position on a daily basis and ensures that the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

#### Fair value of financial instruments:

The following is a summary of the inputs used as of December 31, 2022 and 2021 in valuing the Fund's investments carried at fair values:

December 31, 2022	Level 1	Level 2	Level 3	Total
Fixed income	\$ –	\$ 265,891,643	\$ –	\$ 265,891,643
Equities	91,456,771	–	–	91,456,771
Short-term investments	13,366,496	–	–	13,366,496
Total	\$ 104,823,267	\$ 265,891,643	\$ –	\$ 370,714,910

December 31, 2021	Level 1	Level 2	Level 3	Total
Fixed income	\$ –	\$ 265,404,226	\$ –	\$ 265,404,226
Equities	111,507,742	–	–	111,507,742
Short-term investments	19,353,666	–	–	19,353,666
Total	\$ 130,861,408	\$ 265,404,226	\$ –	\$ 396,265,634

There were no transfers between the three levels during the years ended December 31, 2022 or 2021. The carrying values of cash, subscriptions receivable, interest receivable, dividends receivable, bank overdraft, distributions payable and redemptions payable approximate their fair values due to their short term to maturity.

## CWB MCLEAN & PARTNERS DIVERSIFIED FIXED INCOME POOL

Notes to Financial Statements, page 11

(in Canadian dollars)

For the year ended December 31, 2022, with comparative information for 2021

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### 7. Redeemable units:

The Fund is authorized to issue an unlimited number of transferable units. Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed at the Net Asset Value (“NAV”) per unit. All units of the Fund are of the same class with equal rights and privileges, including equal participation in any distribution made by the Fund.

There is a contractual obligation to distribute any net income and net realized capital gains to the Fund’s outstanding units. Consequently, the Fund’s outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Unit transactions during the applicable years ended December 31, 2022 and 2021 are as follows:

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	December 31, 2022
Redeemable units outstanding, beginning of year	38,288,907
Redeemable units issued, for proceeds	5,653,960
Redeemable units issued on reinvestment of distributions	733,440
Redeemable units redeemed	(2,725,708)
Redeemable units outstanding, end of year	41,950,599

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	December 31, 2021
Redeemable units outstanding, beginning of year	30,683,669
Redeemable units issued, for proceeds	8,142,115
Redeemable units issued on reinvestment of distributions	519,066
Redeemable units redeemed	(1,055,943)
Redeemable units outstanding, end of year	38,288,907

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