

2022 Interim Financial Statements

For the Six Months Ended June 30, 2022
(unaudited)

CWB Core Equity Fund



CWB Core Equity Fund

Notice of Non-review of Interim Financial Statements for the Six Months Ended June 30, 2022

The accompanying unaudited interim financial statements have been prepared on behalf of CWB Wealth Management Ltd. as trustee and manager of CWB Core Equity Fund.

CWB Core Equity Fund's independent auditors have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

CWB Core Equity Fund
Statements of Financial Position
As at June 30, 2022 and December 31, 2021

(unaudited)

	June 30, 2022	December 31, 2021
Assets		
Cash	\$ 70,834	\$ 64,022
Subscriptions receivable	180,101	43,010
Dividends receivable	56,972	68,149
Investments at fair value through profit or loss	35,169,840	43,596,131
Due from CWB Wealth Management Ltd. (note 4)	10,499	10,499
	<u>35,488,246</u>	<u>43,781,811</u>
Liabilities		
Redemptions payable	28,117	64,722
Accrued liabilities (note 4)	37,985	44,637
	<u>66,102</u>	<u>109,359</u>
Net assets attributable to holders of redeemable units	<u>\$ 35,422,144</u>	<u>\$ 43,672,452</u>
Redeemable units outstanding (note 5)	1,796,004	1,954,284
Net assets attributable to holders of redeemable units per unit	<u>\$ 19.72</u>	<u>\$ 22.35</u>

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

Approved by CWB Wealth Management Ltd. in its capacity as manager of CWB Core Equity Fund

"Matthew Evans"

 Matthew Evans
 President & Chief Executive Officer

"R. Matthew Rudd"

 R. Matthew Rudd
 Chief Financial Officer

CWB Core Equity Fund

Statements of Comprehensive (Loss) Income

For the six months ended June 30, 2022 and 2021

(unaudited)

	June 30, 2022	June 30, 2021
Revenue		
Dividends	\$ 389,160	\$ 469,166
Interest for distribution purposes	4,132	3,365
Foreign exchange gain	56	81
Net realized gain on sale of investments	2,395,946	1,527,072
Net change in unrealized (depreciation) appreciation in value of investments	<u>(7,222,221)</u>	<u>3,177,889</u>
Total revenue	<u>(4,432,927)</u>	<u>5,177,573</u>
Expenses		
Management fees (note 4)	209,307	206,285
Administration fees	23,539	22,828
Research fees	14,616	8,397
Audit fees	6,202	5,686
Legal fees	11,284	12,581
Record keeping	5,125	5,634
Custodian fees	5,494	5,263
Transaction fees	2,362	2,275
Trustee fees	1,786	1,786
Independent Review Committee fees	1,714	1,714
Activity fees	457	503
Other	1,776	4,151
Total expenses before fee waiver and refund	<u>283,662</u>	<u>277,103</u>
Management fees waived (note 4)	(9,798)	(8,013)
Management fees refunded (note 4)	<u>(20,516)</u>	<u>(15,066)</u>
Total expenses	<u>253,348</u>	<u>254,024</u>
(Decrease) increase in net assets attributable to holders of redeemable units before withholding taxes	(4,686,275)	4,923,549
Withholding tax expense (note 6)	<u>13,010</u>	<u>19,029</u>
(Decrease) increase in net assets attributable to holders of redeemable units	<u>\$ (4,699,285)</u>	<u>\$ 4,904,520</u>
Weighted average units outstanding during the year	1,867,493	1,919,940
(Decrease) increase in net assets attributable to holders of redeemable units per unit	<u>\$ (2.52)</u>	<u>\$ 2.55</u>

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

CWB Core Equity Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
For the six months ended June 30, 2022 and 2021

(unaudited)

	June 30, 2022	June 30, 2021
Net assets attributable to holders of redeemable units – Beginning of period	\$ 43,672,452	\$ 38,306,989
(Decrease) increase in net assets attributable to holders of redeemable units	(4,699,285)	4,904,520
Distributions to unitholders of redeemable units		
From management fees refunded (note 4)	(20,516)	(15,066)
Redeemable unit transactions (note 5)		
Issuance of redeemable units	722,739	963,765
Reinvested distributions from holders of redeemable units	20,516	15,066
Redemption of redeemable units	(4,273,762)	(3,173,702)
	<u>(3,530,507)</u>	<u>(2,194,871)</u>
Net (decrease) increase in net assets attributable to holders of redeemable units	<u>(8,250,308)</u>	<u>2,694,583</u>
Net assets attributable to holders of redeemable units – End of period	<u>\$ 35,422,144</u>	<u>\$ 41,001,572</u>

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

CWB Core Equity Fund

Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(unaudited)

	June 30, 2022	June 30, 2021
Cash flows from (used in) operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (4,699,285)	\$ 4,904,520
Adjustments for:		
Net realized gain on sale of investments	(2,395,946)	(1,527,072)
Foreign exchange gain	(56)	(81)
Net change in unrealized depreciation (appreciation) in value of investments	7,222,221	(3,177,889)
Purchase of investments	(4,445,330)	(6,935,620)
Proceeds from sale of investments	8,045,346	9,011,497
Dividends, net of withholding taxes	(376,150)	(450,137)
Interest for distribution purposes	(4,132)	(3,365)
Accrued liabilities	(6,652)	1,608
Dividends received, net of withholding taxes	387,327	448,010
Interest received	4,132	3,365
	<u>3,731,475</u>	<u>2,274,836</u>
Cash flows from (used in) financing activities		
Proceeds from issuances of redeemable units	585,648	914,116
Amounts paid on redemption of redeemable units	<u>(4,310,367)</u>	<u>(3,168,317)</u>
	<u>(3,724,719)</u>	<u>(2,254,201)</u>
Effect of foreign exchange fluctuations on cash	56	81
Net increase in cash	6,756	20,635
Cash - Beginning of period	64,022	61,605
Cash - End of period	<u>\$ 70,834</u>	<u>\$ 82,321</u>

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

CWB Core Equity Fund

Schedule of Investment Portfolio

As at June 30, 2022

(unaudited)

	Maturity Date	Par Value (\$)	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Short-term notes					
Government of Canada Treasury Bill	11/30/2022	110,000	108,848	108,848	0.3
Total short-term notes			108,848	108,848	0.3
Equities					
			Number of Shares		
Domestic equities					
Communication services					
BCE Inc.		9,960	446,899	630,168	1.8
Telus Corp.		21,099	283,142	604,908	1.7
			730,041	1,235,076	3.5
Consumer discretionary					
Canadian Tire Corp., Class A		2,305	282,421	374,332	1.0
Magna International Inc.		6,385	526,438	451,292	1.3
Restaurant Brands International Inc.		5,510	374,369	355,781	1.0
			1,183,228	1,181,405	3.3
Consumer staples					
Alimentation Couche-Tard, Class A		8,250	168,302	414,233	1.2
Loblaw Companies Ltd.		1,980	94,951	229,858	0.6
Saputo Inc.		10,240	429,480	287,437	0.8
Shopify Inc.		3,230	337,320	129,911	0.4
			1,030,053	1,061,439	3.0
Energy					
Canadian Natural Resources Ltd.		7,981	296,292	552,045	1.6
Pembina Pipeline Corp.		6,810	263,306	309,855	0.9
Suncor Energy Corp.		13,390	304,907	604,692	1.6
TC Energy Corp.		11,999	680,018	800,093	2.3
			1,544,523	2,266,685	6.4
Financials					
Bank of Montreal		5,730	675,968	709,259	2.0
Bank of Nova Scotia		8,008	500,673	610,049	1.7
Brookfield Asset Management Inc., Class A		10,422	456,182	596,764	1.7
Canadian Imperial Bank of Commerce		9,070	534,786	566,966	1.6
Element Fleet Management Corp.		17,885	181,253	240,017	0.7
Intact Financial Corp.		2,260	377,581	410,326	1.2
Royal Bank of Canada		8,748	684,272	1,090,351	3.1
Sun Life Financial Inc.		9,030	483,134	532,589	1.5
Toronto Dominion Bank		7,280	373,237	614,505	1.7
			4,267,086	5,370,826	15.2
Industrials					
Boyd Group Services Inc.		1,600	300,726	221,856	0.6
Canadian Pacific Railway Ltd.		7,380	699,142	663,536	1.9
Russel Metals Inc.		6,354	142,810	165,331	0.5
Stantec Inc.		5,005	215,764	282,232	0.8
TFI International Inc.		2,885	394,078	298,107	0.8
Toromont Industries Ltd.		3,556	163,688	371,149	1.0
Waste Connections Inc.		3,530	578,982	563,388	1.6
			2,495,190	2,565,599	7.2
Information technology					
CGI Inc.		4,930	323,497	505,522	1.4
Constellation Software Inc.		149	227,336	284,720	0.8
Open Text Corp.		9,265	496,211	451,113	1.3
			1,047,044	1,241,355	3.5

CWB Core Equity Fund
Schedule of Investment Portfolio ...*continued*
As at June 30, 2022

(unaudited)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Materials				
Agnico Eagle Mines Ltd.	8,275	505,433	487,563	1.4
CCL Industries Inc., Class B	6,820	363,308	414,929	1.1
Methanex Corp.	6,230	313,455	306,329	0.9
Nutrien Ltd.	4,000	263,009	410,040	1.2
		1,445,205	1,618,861	4.6
Real Estate				
Allied Properties Real Estate Investment Trust	6,305	273,617	209,263	0.6
		273,617	209,263	0.6
Utilities				
Brookfield Infrastructure	7,117	376,835	388,802	1.1
Brookfield Renewable Partner	7,830	386,772	359,006	1.0
Fortis Inc.	7,437	295,897	452,541	1.3
		1,059,504	1,200,349	3.4
Total domestic equities		15,075,491	17,950,858	50.7
Foreign equities				
Communication services				
Alphabet Inc., Class A	373	718,717	1,048,559	3.0
		718,717	1,048,559	3.0
Consumer discretionary				
Amazon.com Inc.	4,720	996,591	646,669	1.8
AutoZone Inc.	228	399,380	632,078	1.8
Booking Holdings Inc.	154	385,658	347,443	1.0
Dollar General Corp.	1,650	279,908	522,401	1.5
Dollar Tree Inc.	2,277	290,392	457,767	1.3
Gentex Corp.	7,768	315,882	280,270	0.8
Home Depot Inc.	1,139	316,472	402,974	1.1
Robert Half International Inc.	2,087	288,754	201,614	0.5
TJX Companies Inc.	6,776	514,428	488,171	1.4
		3,787,465	3,979,387	11.2
Consumer staples				
Costco Wholesale Corp.	744	321,168	459,978	1.3
Walmart Inc.	2,994	353,409	469,558	1.3
		674,577	929,536	2.6
Financials				
Berkshire Hathaway Inc., Class B	1,713	516,215	603,291	1.7
JPMorgan Chase & Co.	2,400	376,784	348,629	1.0
Moody's Corp.	871	391,881	305,572	0.9
Wells Fargo & Co.	12,221	766,303	617,498	1.7
		2,051,183	1,874,990	5.3
Health care				
Elevance Health Inc.	1,140	268,871	709,658	2.0
Johnson & Johnson	3,148	413,761	720,830	2.0
McKesson Corp.	879	314,277	369,880	1.1
UnitedHealth Group Inc.	604	311,201	400,186	1.2
Waters Corp.	866	306,775	369,739	1.0
		1,614,885	2,570,293	7.3

CWB Core Equity Fund

Schedule of Investment Portfolio ...continued

As at June 30, 2022

(unaudited)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Industrials				
Cintas Corp.	739	329,817	356,078	1.0
Deere & Co.	857	385,085	331,062	1.0
Fabrinet	1,595	229,682	166,862	0.5
Jacobs Engineering Group Inc.	1,778	208,526	291,578	0.8
Linde PLC	564	206,977	209,188	0.6
Union Pacific Corp.	2,367	579,935	651,214	1.8
Southern Copper Corp	2,203	211,364	141,549	0.4
		2,151,386	2,147,531	6.1
Information technology				
Accenture PLC, Class A	1,429	335,381	511,805	1.4
Apple Inc.	5,776	448,829	1,018,672	2.9
Cisco Systems Inc.	3,632	119,793	199,774	0.6
Intel Corp	3,394	208,449	163,785	0.5
Mastercard Inc., Class A	1,563	726,184	636,071	1.8
Microsoft Corp.	4,220	406,514	1,398,084	3.9
Visa Inc., Class A	2,487	525,993	631,647	1.8
		2,771,143	4,559,838	12.9
Total foreign equities		13,769,356	17,110,134	48.4
Total equities		28,844,847	35,060,992	99.1
Total investments at fair value through profit or loss		28,953,695	35,169,840	99.4
Other assets less liabilities			252,304	0.6
Total net assets			35,422,144	100.0

CWB Core Equity Fund

Notes to Financial Statements

For the six months ended June 30, 2022 and 2021

(unaudited)

1 General

The CWB Core Equity Fund (the Fund) is domiciled in Canada. The Fund is an open-ended mutual fund trust and was established by a Declaration of Trust made as of May 4, 2001, under the laws of Alberta. Prior to March 1, 2017, Adroit Investment Management Ltd. (Adroit) acted as the Fund's trustee, manager, distributor and portfolio manager. On March 1, 2017, CWB Wealth Management Ltd. (the Manager) assumed these duties after amalgamating with Adroit. RBC Investor Services is the custodian and administrator of the Fund.

The initial units of the Fund were issued to the public on August 10, 2001. The Fund is authorized to issue an unlimited number of units of a single series. All units of the Fund are of the same class with equal rights and privileges. Each unit is entitled to one vote at any meeting of unitholders and to equal participation in any distributions made by the Fund.

The financial statements were authorized for issue by the Manager on August 29, 2022.

2 Investment objective

The Fund's investment objective is to achieve long-term capital appreciation by employing a "growth at a reasonable price" investment approach through investments in Canadian equities and investments in United States and foreign equities. The Fund strives to maintain investments in United States and other foreign equities at no more than 50% of the value of the portfolio. Market fluctuations may cause this figure to be exceeded on occasion, however, foreign equities will never exceed 60% of portfolio value.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies as the audited financial statements for the year ended December 31, 2021.

b) Use of estimates and significant judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements as well as the reported amount of revenues and expenses during the period.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

CWB Core Equity Fund

Notes to the Financial Statements

For the six months ended June 30, 2022 and 2021

(unaudited)

c) Financial instruments

i) Classification and measurement

Initial recognition and measurement

All financial instruments are measured at fair value on initial recognition. Subsequently, financial assets are classified into one of three categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss, based on the cash flow characteristics and the business model under which the assets are held.

Debt financial assets

A debt financial asset is classified and subsequently measured at amortized cost only if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and it is not designated as fair value through profit or loss.

A debt financial asset is classified and subsequently measured at fair value through other comprehensive income only if the asset is held within a business model is achieved by both collecting contractual cash flows and selling financial assets, the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as fair value through profit or loss.

All other financial assets that do not meet the criteria are classified as measured at fair value through profit or loss.

Equity instruments

Equity instruments are classified and measured at fair value through profit or loss unless an irrevocable election is made to designate non-trading instruments at fair value through other comprehensive income at the time of initial recognition. This election has not been made.

Financial liabilities

A financial liability is generally measured at amortised cost, with exceptions that may allow for classification as fair value through profit or loss or designation at fair value through profit or loss. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at fair value through profit or loss.

ii) Recognition

Financial assets at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Fund derecognizes a financial asset or liability when their contractual obligations are discharged, cancelled or expire, the Fund's right to receive cash flows expire or the Fund has transferred substantially all rights and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Fund has not offset any financial instruments as at June 30, 2022 or December 31, 2021.

CWB Core Equity Fund

Notes to the Financial Statements

For the six months ended June 30, 2022 and 2021

(unaudited)

iii) Financial assets at fair value through profit or loss

Significant judgement is applied to determine the classification of the Fund's investments. Based on the Fund's business model, the manner in which the investments are managed, and how performance is evaluated on a fair value basis, fair value through profit or loss is the most appropriate classification.

Investments are measured at fair value through profit or loss and are initially recorded at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, with the difference between this amount and cost recorded as unrealized appreciation (depreciation) in value of investments in the Statements of Comprehensive Income. In the case of securities listed on stock exchanges, the fair value means the last close price. For short-term notes, bonds and debentures, the fair value means the close price provided by independent security pricing services. In circumstances where the last close price is not within the bid-ask spread, the Fund's Management determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Investments for which reliable quotations are not readily available are valued at their fair value as determined by the custodian, independent of the Fund's Manager, using a valuation technique that requires the use of inputs and assumptions based on observable market data. Such investment valuations may differ from values that would have been determined had a ready market existed, and the difference could be significant.

The cost of investments represents the amount paid for each security and is determined on an average cost basis. Investment transactions are accounted for on a trade date basis, and transaction fees, being any costs that can be directly attributed to the acquisition or disposal of an investment, incurred in the purchase and sale of securities by the Fund are recognized in the Statements of Comprehensive (Loss) Income.

All financial assets measured at fair value through profit or loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

iv) Financial assets at amortized cost

Financial assets at amortized cost, which are financial assets with fixed or determinable payments that are not quoted in an active market, are recognized initially at fair value plus directly attributable transaction costs. After initial recognition, these financial assets are measured at amortized cost, being the amount required to be received or paid, discounted, when appropriate, at the investment's effective interest rate, less impairment losses. The Fund's cash, subscriptions receivable, and dividends receivable as well as amounts owing from the Manager are classified as financial assets at amortized cost.

Financial assets at amortized cost are assessed at each reporting date to determine whether there is objective evidence of impairment, including forward-looking information. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

v) Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Redemptions payable and accrued liabilities are classified as financial liabilities.

CWB Core Equity Fund

Notes to the Financial Statements

For the six months ended June 30, 2022 and 2021

(unaudited)

vi) Valuation models

The Fund is required to classify investments into three levels based on the method used to value the investments. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Fund's determination of assumptions that market participants might reasonably use in valuing the securities. Refer to Note 8 for further information about the Fund's fair value measurements.

d) Cash

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

e) Redeemable units

In accordance with IFRS, the Fund classifies financial instruments issued as financial liabilities or equity instruments based on the substance of the contractual terms of the instruments. The Declaration of Trust establishes the termination date of the Funds on the 99th anniversary of the date of the Declaration of Trust therefore, the Fund's units do not qualify as equity under IFRS. The Funds' redeemable units, which are classified as liabilities, are measured at the redemption amount and provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Units may be sold back to the Funds (the sale is called a 'redemption') at the then current Net Asset Value per Unit (NAVPU), upon the delivery of a redemption request to the Funds' Manager, together with any other documents the Manager may reasonably require. The NAVPU for the purposes of subscriptions or redemptions is computed by dividing the net asset value for the Fund by the total number of units outstanding at such time. Net asset value utilizes closing price to determine fair value, except where the last traded price for financial assets is not within the bid-ask spread, which is consistent with the presentation of net assets in the financial statements. As at June 30, 2022 and December 31, 2021, there were no differences between the Funds' NAVPU and its net assets attributable to holders of redeemable units per unit calculated in accordance with IFRS.

Distributions to holders of redeemable units are recognized in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units when they are authorized and no longer at the discretion of the Manager.

f) Income and expense recognition

Dividend income is recognized on the ex-dividend date. Interest income for distribution purposes shown on the Statements of Comprehensive (Loss) Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund amortizes premiums paid or discounts received on the purchase of fixed income securities using the effective interest rate method. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments. All income, net realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments.

CWB Core Equity Fund

Notes to the Financial Statements

For the six months ended June 30, 2022 and 2021

(unaudited)

g) Functional and foreign currencies

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

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into Canadian dollars using the exchange rate prevailing at the period-end date.

The Fund does not isolate the foreign exchange component from the total realized and unrealized gains and losses on investments. Foreign exchange gains and losses arising on the translation of foreign cash balances or on the settlement of foreign denominated receivables and amounts payable are recognized in the Statements of Comprehensive (Loss) Income.

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

Increase (decrease) in net assets attributable to holders of redeemable units per unit in the Statements of Comprehensive (Loss) Income represents the increase (decrease) in net assets attributable to holders of redeemable units for the period, divided by the weighted average number of units outstanding during the period.

i) Income and withholding taxes

The Fund qualifies as a mutual fund trust, is subject to tax under the Income Tax Act (the Act) on all of its taxable income (including net taxable capital gains) and is permitted a deduction in computing taxable income for all amounts which are paid or payable in the period to their unitholders. It is the policy of the Fund to allocate to the unitholders all income for the period so that it will not pay any Canadian federal income tax under Part I of the Act. Accordingly, no provision for income taxes has been made in these financial statements.

The Fund may incur 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 Statements of Comprehensive (Loss) Income, where applicable.

4 Related party transactions

The Manager is entitled to a management fee payable out of the assets of the Fund, calculated as one-twelfth of 1.0% of the monthly net asset value of the Fund and paid monthly. The management fee is paid in respect of managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio, making arrangements for the purchase and sale of units of the Fund by investors and ensuring compliance with the Fund's constating documents. For the six months ended June 30, 2022, management fees paid to the Manager totaled \$209,307 (2021 – \$206,285) and accrued liabilities included \$24,804 as at June 30, 2022 (December 31, 2021 – \$29,676) related to management fees payable.

The Manager refunds a portion of management fees for employees of the Manager as well as employees of Canadian Western Bank, the Manager's parent company. This is achieved by refunding a portion of the management fee charged to the Fund based on the aggregate value of the investments held by employees. Refunded amounts are automatically reinvested in additional units of the Fund. The refunded amounts are shown as management fees refunded on the Statements of Comprehensive (Loss) Income. For the six months ended June 30, 2022, the Manager refunded \$20,516 (2021 – \$15,066) in management fees related to units held by employees of both the Manager and Canadian Western Bank.

CWB Core Equity Fund

Notes to the Financial Statements

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In addition to the management fees, the Fund pays its direct or proportionate share of all operating and administrative costs including custodian, trustee, audit and legal fees, unitholder servicing costs and costs of preparing and filing financial and regulatory reports. Management, operating and administrative expenses (excluding withholding taxes) are capped at one-twelfth of 1.3% of the monthly net asset value of the Fund paid monthly. Expenses above the cap, which are paid by the Manager and not charged to the Fund, are recorded as a reduction to the management fee and are shown as management fees waived on the Statements of Comprehensive (Loss) Income. The Manager offers reduced management fees in order to achieve competitive fees for this type of fund. Actual operating and administrative expenses, excluding management fees, charged to the Fund totaled \$74,355 (2021 – \$70,818) during the six months ended June 30, 2022. Of these management fees, the Manager waived \$9,798 (2021 – \$8,013) during the period.

As at June 30, 2022, 137,317 units of the Fund (December 31, 2021 – 137,582) were held by key management personnel of the Manager and their immediate family members.

5 Redeemable units

The following table summarizes unit transactions during the six months ended June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Redeemable units outstanding – Beginning of period	1,954,284	1,974,289
Redeemable units issued for cash	34,640	46,688
Redeemable units redeemed	(193,887)	(153,692)
Redeemable units issued on reinvestment of distributions and management fees refunded	967	744
Redeemable units outstanding – End of period	<u>1,796,004</u>	<u>1,868,029</u>

6 Income and withholding taxes

Non-capital losses are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. As at December 31, 2021, the Fund had no allowable capital losses or non-capital losses (December 31, 2020 – nil) available for carryforward in future years.

Certain investment income and capital gains received by the Fund are subject to withholding tax imposed in the country of origin. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive (Loss) Income. During the six months ended June 30, 2022, the average withholding tax rate was 12% (2021 – 13%).

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7 Financial risk management

The Fund is exposed to a variety of financial risks, which are concentrated in their investment holdings. The Schedule of Investment Portfolio groups securities by asset type, geographic region and market segment, where applicable.

The Fund's risk management practice includes the monitoring of compliance with the investment guidelines contained in the Fund's constating documents. The Manager manages the potential effects of financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions and market events as well as diversifying investment portfolios within the constraints of the Fund's investment guidelines. All investments result in a risk of loss of capital.

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. Since 2020, a novel strain of coronavirus (COVID-19) resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets. The duration of this outbreak or others and their effects cannot be determined with certainty.

a) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Foreign equities are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for economic hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Fund did not enter into forward currency contracts during the six months ended June 30, 2022 and 2021.

As at June 30, 2022, the Fund's exposure to currency risk was primarily related to its holdings in U.S. denominated foreign equities. The Canadian equivalent of the foreign equities as at June 30, 2022 was \$17,110,134 (December 31, 2021 – \$22,158,322), or 48.4% (December 31, 2021 – 50.7%) of net assets, and 46.5% of the Funds net assets (December 31, 2021 – 49.0%) were investments in the United States.

As at June 30, 2022, if the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other factors remaining constant, net assets could possibly have decreased or increased, respectively, by approximately \$856,000 (December 31, 2021 – \$1,108,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities. The Fund's exposure to interest rate risk is concentrated in its short-term notes. Other assets and liabilities are short-term in nature and non-interest bearing.

As at June 30, 2022, 0.3% (December 31, 2021 – 0.2%) of the Fund's net assets were invested in short-term notes with a term to maturity of less than one year. The Fund's sensitivity to interest rate risk as determined based on portfolio weighted duration was not significant.

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c) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result 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 a market.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within the limits specified in the Fund's constating documents. The Fund has adopted the standard investment restrictions and practices prescribed by Canadian securities regulation and, in addition, will restrict its investments to those prescribed under the Tax Act for Tax Deferred Plans. The Fund invests in Canadian equities and foreign equities. US and foreign equities are maintained at less than 60% of the total value of the portfolio. The Fund's maximum initial investment in any one security is limited to 10% of the value of the Fund's portfolio at the time of investment.

As at June 30, 2022, 99.1% (December 31, 2021 – 99.6%) of the Fund's net assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as at the period-end, with all other factors remaining constant, net assets could possibly have increased or decreased, respectively, by approximately \$3,506,000 (December 31, 2021 – \$4,353,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations in full when they fall due. The main concentration to which the Fund is exposed arises from the Fund's investments in short-term notes. The Fund's exposure to counterparty credit risk on cash and other receivables is not significant.

As at June 30, 2022, the Fund had 0.3% (December 31, 2021 – 0.2%) of net assets invested in short-term notes, all guaranteed by the federal government of Canada.

e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and short-term investment holdings to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. The Fund did not enter into over-the-counter derivative contracts during the six months ended June 30, 2022 and 2021.

Redeemable units are redeemable on demand at the holder's option, however, it is not expected that this is representative of the Fund's actual cash outflows as holders of these instruments typically retain them for a longer period.

The Fund held no illiquid securities at the reporting date. All accrued liabilities come due within the next fiscal year.

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f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Fund's policy is to manage concentration risk through appropriate diversification within the limits specified in the Fund's constating documents.

The following table summarizes the Fund's concentration risk by industry sector related to investments in equities:

	June 30, 2022 as a % of total equities	December 31, 2021 as a % of total equities
Financials	20.7	21.0
Information technology	16.6	19.0
Consumer discretionary	14.7	14.2
Industrials	13.4	12.1
Health care	7.3	6.4
Communication services	6.5	6.9
Energy	6.5	6.0
Consumer staples	5.7	5.0
Materials	4.6	4.9
Utilities	3.4	3.2
Real estate	0.6	1.3
	100.0	100.0

8 Fair value of financial instruments

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy:

Investments at fair value through profit or loss as at June 30, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Short-term notes	-	108,848	-	108,848
Domestic equities	17,950,858	-	-	17,950,858
Foreign equities	17,110,134	-	-	17,110,134
	35,060,992	108,848	-	35,169,840
Investments at fair value through profit or loss as at December 31, 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Short-term notes	-	70,972	-	70,972
Domestic equities	21,366,837	-	-	21,366,837
Foreign equities	22,158,322	-	-	22,158,322
	43,525,159	70,972	-	43,596,131

The carrying values of cash, subscriptions receivable, dividends receivable, amounts owing from the Manager, redemptions payable and accrued liabilities approximate their fair values due to their short-term nature. The

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carrying amount of the Fund's net assets attributable to holders of redeemable units approximates fair value as it is measured at the redemption amount and is classified as Level 2 within the fair value hierarchy.

9 Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units with no par value. The amount of net assets attributable to holders of redeemable units can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Fund's objective in managing the assets of the Fund is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to redeemable unitholders; and
- redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Manager monitors capital on the basis of the value of net assets attributable to redeemable unitholders.

10 Brokerage commissions and soft dollars

The Fund may transact with brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received by the Fund during the six months ended June 30, 2022 was \$168 (2021 – \$787).