

2022 Interim Financial Statements

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

CWB Onyx Diversified Income Fund



CWB Onyx Diversified Income 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 Onyx Diversified Income Fund.

CWB Onyx Diversified Income 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 Onyx Diversified Income Fund

Statements of Financial Position

As at June 30, 2022 and December 31, 2021

(unaudited)

	June 30, 2022	December 31, 2021
Assets		
Cash	\$ 4,737,485	\$ 2,311,027
Subscriptions receivable	40,497	890,842
Interest receivable	1,234,725	942,495
Dividends receivable	9,524	8,831
Investments at fair value through profit or loss	187,012,032	192,516,092
Due from CWB Wealth Management Ltd. (note 3)	26,952	15,688
	<u>193,061,215</u>	<u>196,684,975</u>
Liabilities		
Redemptions payable	185,326	106,258
Distributions payable	94,392	279,965
Accrued liabilities	3,522	3,567
	<u>283,240</u>	<u>389,790</u>
Net assets attributable to holders of redeemable units	<u>\$ 192,777,975</u>	<u>\$ 196,295,185</u>
Represented by		
Series A	\$ 12,968,894	\$ 13,165,648
Series O	179,809,081	183,129,537
	<u>\$ 192,777,975</u>	<u>\$ 196,295,185</u>
Net assets attributable to holders of redeemable units per unit (note 5)		
Series A	\$ 8.97	\$ 10.14
Series O	<u>9.02</u>	<u>10.20</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 Onyx Diversified Income Fund

"Matthew Evans"

Matthew Evans
President & Chief Executive Officer

"R. Matthew Rudd"

R. Matthew Rudd
Chief Financial Officer

CWB Onyx Diversified Income Fund

Statements of Comprehensive (Loss) Income

For the six months ended June 30, 2022 and 2021

(unaudited)

	June 30, 2022	June 30, 2021
Revenue		
Interest for distribution purposes	\$ 3,227,803	\$ 2,445,650
Dividends	72,994	75,906
Net realized loss on sale of investments	(988,394)	(586,912)
Net change in unrealized depreciation in value of investments	(23,172,681)	(5,473,084)
Foreign exchange loss	(6,369)	(35,101)
Total revenue	<u>(20,866,647)</u>	<u>(3,573,541)</u>
Expenses		
Management fees (note 3)	67,870	74,308
Administration fees	2,902	2,856
Record keeping	1,483	1,651
Custodian fees	962	1,030
Research fees	977	714
Audit fees	414	483
Legal fees	754	917
Transaction fees	150	321
Trustee fees	119	152
Independent Review Committee fees	115	146
Other	249	464
Total expenses before fee refund	<u>75,995</u>	<u>83,042</u>
Management fees refunded (note 3)	(2,859)	(3,133)
Total expenses	<u>73,136</u>	<u>79,909</u>
(Decrease) increase in net assets attributable to holders of redeemable units	<u>\$ (20,939,783)</u>	<u>\$ (3,653,450)</u>
(Decrease) increase in net assets attributable to holders of redeemable units		
Series A	\$ (1,463,097)	\$ (440,732)
Series O	(19,476,686)	(3,212,718)
	<u>\$ (20,939,783)</u>	<u>\$ (3,653,450)</u>
(Decrease) increase in net assets attributable to holders of redeemable units per unit		
Series A	\$ (1.06)	\$ (0.32)
Series O	(1.02)	(0.22)

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

CWB Onyx Diversified Income 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
Series A		
Net assets attributable to holders of redeemable units – Beginning of period	\$ 13,165,648	\$ 15,618,401
Decrease in net assets attributable to holders of redeemable units	(1,463,097)	(440,732)
Distributions to unitholders of redeemable units		
From net investment income	(138,645)	(105,155)
From management fees refunded (note 3)	(2,859)	(3,133)
	<u>(141,504)</u>	<u>(108,288)</u>
Redeemable unit transactions (note 5)		
Issuance of redeemable units	2,291,495	909,849
Reinvested distributions from holders of redeemable units	141,744	108,288
Redemption of redeemable units	(1,025,392)	(1,870,191)
	<u>1,407,847</u>	<u>(852,054)</u>
Net decrease in net assets attributable to holders of redeemable units	<u>(196,754)</u>	<u>(1,401,074)</u>
Net assets attributable to holders of redeemable units – End of period	<u>\$ 12,968,894</u>	<u>\$ 14,217,327</u>
Series O		
Net assets attributable to holders of redeemable units – Beginning of period	\$ 183,129,537	\$ 142,096,328
Decrease in net assets attributable to holders of redeemable units	(19,476,686)	(3,212,718)
Distributions to unitholders of redeemable units		
From net investment income	(3,074,152)	(2,314,032)
Redeemable unit transactions (note 5)		
Issuance of redeemable units	29,485,010	37,032,067
Reinvested distributions from holders of redeemable units	2,879,762	1,898,950
Redemption of redeemable units	(13,134,390)	(7,334,015)
	<u>19,230,382</u>	<u>31,597,002</u>
Net (decrease) increase in net assets attributable to holders of redeemable units	<u>(3,320,456)</u>	<u>26,070,252</u>
Net assets attributable to holders of redeemable units – End of period	<u>\$ 179,809,081</u>	<u>\$ 168,166,580</u>

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

CWB Onyx Diversified Income 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 in net assets attributable to holders of redeemable units	\$ (20,939,783)	\$ (3,653,450)
Adjustments for:		
Net realized loss on sale of investments	988,394	586,912
Foreign exchange loss	6,369	35,101
Net change in unrealized depreciation in value of investments	23,172,681	5,473,084
Purchase of investments	(61,454,572)	(82,111,747)
Proceeds from sale of investments	42,797,557	49,073,004
Interest for distribution purposes	(3,227,803)	(2,445,650)
Dividends	(72,994)	(75,906)
Due from CWB Wealth Management Ltd.	(11,264)	(13,262)
Accrued liabilities	(45)	(451)
Interest received	2,935,573	2,247,307
Dividends received	72,301	70,288
	<u>(15,733,586)</u>	<u>(30,814,770)</u>
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(379,723)	(392,253)
Proceeds from issuances of redeemable units	32,626,850	38,082,321
Amounts paid on redemption of redeemable units	<u>(14,080,714)</u>	<u>(9,459,052)</u>
	18,166,413	28,231,016
Effect of foreign exchange fluctuations on cash	(6,369)	(35,101)
Net increase (decrease) in cash	2,432,827	(2,583,754)
Cash - Beginning of period	2,311,027	6,221,906
Cash - End of period	<u>\$ 4,737,485</u>	<u>\$ 3,603,051</u>

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

CWB Onyx Diversified Income 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	07/31/2022	1,592,000	1,587,936	1,587,936	0.8
Government of Canada Treasury Bill	09/30/2022	378,000	375,474	375,474	0.2
Government of Canada Treasury Bill	11/30/2022	1,657,000	1,639,972	1,639,972	0.9
Total short-term notes			3,603,382	3,603,382	1.9
Domestic bonds and debentures					
Corporate					
2.430% 407 International Inc., Medium Term Note	05/04/2027	1,500,000	1,513,758	1,388,432	0.8
3.600% Alimentation Couche-Tard., Senior Unsecured Note	06/02/2025	750,000	791,025	731,787	0.4
3.465% Arc Resources Ltd.	03/10/2031	1,000,000	1,005,229	869,063	0.5
5.500% ATCO Ltd., Subordinated Debt	11/01/2078	2,051,000	2,202,926	1,967,376	1.0
0.680% Bank of Montreal, Secured Note	02/01/2023	500,000	498,190	500,365	0.3
3.190% Bank of Montreal, Senior Unsecured Note	03/01/2028	3,632,000	3,752,398	3,419,527	1.8
3.700% Bank of Nova Scotia, Junior Subordinated Debt	07/27/2081	1,000,000	1,000,000	841,960	0.4
3.350% Bell Canada, Senior Unsecured Note	03/12/2025	1,000,000	1,023,880	972,405	0.5
3.600% Bell Canada, Senior Unsecured Note	09/29/2027	650,000	661,617	616,260	0.3
7.850% Bell Canada, Senior Unsecured Note	04/02/2031	1,713,000	2,423,717	1,979,614	1.0
3.000% Canadian National Railway, Senior Unsecured Note	02/08/2029	1,000,000	995,380	917,869	0.5
3.420% Canadian Natural Resources, Senior Unsecured Note	12/01/2026	916,000	905,715	878,431	0.5
6.500% Canadian Tire Corp Ltd., Senior Unsecured Note	04/13/2028	800,000	953,032	857,231	0.4
3.327% Co-operators Financial Services Ltd., Senior Unsecured Note	05/13/2030	2,693,000	2,721,817	2,329,666	1.2
5.183% CU Inc., Senior Unsecured Note	11/21/2035	1,720,000	2,143,752	1,765,984	0.9
2.460% Daimler Trucks Finance Canada Inc., Senior Unsecured Note	12/15/2026	1,500,000	1,512,450	1,354,280	0.7
3.550% Dollarama Inc., Senior Unsecured Note	11/06/2023	700,000	696,759	694,871	0.4
3.940% Enbridge Inc., Senior Unsecured Note	06/30/2023	950,000	986,700	949,182	0.5
5.650% Epcor Utilities, Senior Unsecured Note	11/16/2035	1,603,000	2,031,983	1,724,741	0.9
4.950% Fairfax Financial Holdings Ltd., Senior Unsecured Note	03/03/2025	467,000	493,982	467,497	0.2
4.700% Fairfax Financial Holdings Ltd., Senior Unsecured Note	12/16/2026	500,000	506,821	490,525	0.3
4.250% Fairfax Financial Holdings Ltd., Senior Unsecured Note	12/06/2027	400,000	400,044	379,027	0.2
4.230% Fairfax Financial Holdings Ltd., Senior Unsecured Note	06/14/2029	900,000	899,568	831,686	0.4
3.950% Fairfax Financial Holdings Ltd., Senior Unsecured Note	03/03/2031	500,000	500,600	437,248	0.2
3.742% Ford Credit Canada Co., Senior Unsecured Note	05/08/2023	1,500,000	1,481,250	1,480,477	0.8
4.460% Ford Credit Canada Co., Senior Unsecured Note	11/13/2024	500,000	516,100	484,946	0.3
7.100% Greater Toronto Airports, Medium Term Note	06/04/2031	3,980,000	5,314,914	4,641,418	2.4
1.646% Honda Canada Finance Inc., Senior Unsecured Note	02/25/2028	5,427,000	5,248,408	4,591,881	2.3
2.850% Intact Financial Corp., Senior Unsecured Note	06/07/2027	925,000	916,014	855,784	0.4
5.160% Intact Financial Corp., Senior Unsecured Note	06/16/2042	633,000	745,965	627,728	0.3
4.125% Intact Financial Corp., Subordinated Debt	03/31/2081	700,000	712,250	624,183	0.3
3.000% Laurentian Bank of Canada, Senior Unsecured Note	09/12/2022	1,000,000	1,012,402	1,000,422	0.5
5.095% Laurentian Bank of Canada, Senior Unsecured Note	06/15/2032	1,500,000	1,458,750	1,436,685	0.7
6.540% Loblaw Companies Ltd., Senior Unsecured Note	02/17/2033	1,824,000	2,386,293	1,972,018	1.0
3.049% Manulife Financial Corp., Subordinated Debt	08/20/2029	500,000	499,810	484,466	0.3
3.049% Manulife Financial Corp., Subordinated Debt	05/12/2030	5,000,000	4,792,500	4,676,523	2.4
3.375% Manulife Financial Corp., Junior Subordinated Debt	06/19/2081	1,000,000	995,500	841,999	0.4
4.100% Manulife Financial Corp., Junior Subordinated Debt	03/19/2082	1,500,000	1,485,750	1,260,880	0.7
5.030% Metro Inc., Senior Unsecured Note	12/01/2044	2,386,000	2,884,191	2,259,564	1.2
4.050% National Bank of Canada, Junior Subordinated Debt	08/15/2081	2,000,000	2,004,500	1,715,826	0.9
5.610% Nova Scotia Power Inc., Senior Unsecured Note	06/15/2040	2,151,000	2,720,708	2,300,114	1.2
3.244% Omers Realty Corp., Senior Unsecured Note	10/04/2027	3,690,000	3,876,333	3,471,760	1.8

CWB Onyx Diversified Income Fund

Schedule of Investment Portfolio ...continued

As at June 30, 2022

(unaudited)

	Maturity Date	Par Value (\$)	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Corporate ...continued					
5.100% Peel, Senior Unsecured Note	06/29/2040	2,608,000	3,677,743	2,806,027	1.5
4.240% Pembina Pipeline Corp., Senior Unsecured Note	06/15/2027	578,000	595,146	559,837	0.3
4.810% Pembina Pipeline Corp., Senior Unsecured Note	03/25/2044	2,766,000	2,773,302	2,319,510	1.2
4.800% Pembina Pipeline Corp., Subordinated Debt	01/25/2081	1,000,000	984,250	836,042	0.4
3.560% Rogers Communications Inc., Senior Unsecured Note	03/31/2027	1,000,000	1,075,496	951,355	0.5
6.560% Rogers Communications Inc., Senior Unsecured Note	03/22/2041	2,212,000	2,856,714	2,346,052	1.2
5.000% Rogers Communications Inc., Subordinated Debt	12/17/2081	1,000,000	1,017,500	909,946	0.5
3.650% Royal Bank of Canada, Junior Subordinated Debt	11/24/2081	2,000,000	1,994,000	1,680,123	0.9
4.950% Sagen MI Canada Inc., Subordinated Debt	03/24/2081	568,000	572,970	481,969	0.3
2.827% Saputo Inc., Senior Unsecured Note	11/21/2023	460,000	465,832	450,994	0.2
5.650% Scotiabank Capital Trust, Junior Subordinated Debt	12/31/2056	525,000	628,289	586,783	0.3
6.750% Shaw Communications Inc., Senior Unsecured Note	11/09/2039	2,137,000	2,797,603	2,284,392	1.2
3.600% Sun Life Financial Inc., Junior Subordinated Debt	06/30/2081	750,000	753,750	636,030	0.3
3.050% Sun Life Financial Inc., Subordinated Debt	09/19/2028	880,000	885,798	865,357	0.4
3.000% Suncor Energy Inc., Senior Unsecured Note	09/14/2026	759,000	744,778	719,500	0.4
5.390% Suncor Energy Inc., Senior Unsecured Note	03/26/2037	2,100,000	2,281,272	2,055,967	1.1
3.750% Telus Corp., Senior Unsecured Note	03/10/2026	2,688,000	2,412,426	2,353,071	1.2
4.400% Telus Corp., Senior Unsecured Note	01/29/2046	734,000	717,060	607,187	0.3
3.600% Toronto Dominion Bank, Junior Subordinated Debt	10/31/2081	2,000,000	1,997,500	1,681,723	0.9
3.005% Toronto Dominion Bank, Senior Unsecured Note	05/30/2023	1,000,000	1,000,000	993,937	0.5
4.859% Toronto Dominion Bank, Subordinated Debt	03/04/2031	655,000	730,425	652,167	0.3
5.750% Toronto Dominion Bank, Subordinated Debt	12/31/2049	1,000,000	1,000,000	958,395	0.5
6.350% TransCanada Pipelines, Junior Subordinated Debt	05/15/2067	190,000	201,159	180,024	0.1
4.330% TransCanada Pipelines, Senior Unsecured Note	09/16/2047	750,000	786,759	598,444	0.3
4.650% TransCanada Trust, Junior Subordinated Debt	05/18/2077	800,000	799,300	734,663	0.4
			103,422,053	91,341,196	47.4
Federal					
2.900% Canada Housing Trust	06/15/2024	17,591,000	18,969,477	17,473,390	9.0
2.500% Government of Canada	06/01/2024	17,681,000	18,959,436	17,492,248	9.1
4.000% Government of Canada	12/01/2031	360,000	758,481	743,223	0.4
5.750% Government of Canada	06/01/2033	278,000	396,418	340,806	0.2
1.500% Government of Canada	12/01/2044	1,088,500	1,604,710	1,432,771	0.7
0.500% Government of Canada	12/01/2050	1,170,000	1,153,734	1,074,916	0.6
			41,842,256	38,557,354	20.0
Provincial					
3.45% Province of Alberta, Unsecured Note	06/01/2024	5,979,000	6,068,625	5,362,293	2.9
5.700% Province of British Columbia, Unsecured Note	06/18/2029	5,124,000	6,675,655	5,717,728	3.0
3.000% Province of Manitoba, Debenture	06/02/2028	721,000	721,793	693,674	0.4
5.650% Province of New Brunswick, Debenture	12/27/2028	419,000	511,058	462,434	0.2
2.100% Province of Nova Scotia, Debenture	06/01/2027	900,000	843,184	839,963	0.4
6.500% Province of Ontario, Unsecured Note	03/08/2029	5,146,000	6,947,815	5,954,063	3.1
4.500% Province of Quebec, Senior Unsecured Note	12/01/2026	600,000	1,166,903	1,137,916	0.6
0.000% Province of Quebec, Senior Unsecured Note	12/01/2043	10,000,000	6,153,300	4,091,641	2.1
2.750% Province of Quebec, Unsecured Note	09/01/2028	7,598,000	8,041,796	7,209,401	3.7
3.050% Province of Saskatchewan, Unsecured Note	12/02/2028	5,946,000	7,169,687	6,450,767	3.3
			44,299,816	37,919,880	19.7
Total domestic bonds and debentures			189,564,125	167,818,430	87.1

CWB Onyx Diversified Income Fund

Schedule of Investment Portfolio ...continued

As at June 30, 2022

(unaudited)

	Maturity Date	Par Value (\$)	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Foreign bonds and debentures					
4.700% Ally Financial	12/31/2049	750,000	862,377	716,119	0.3
4.320% Anheuser-Busch Inbev Finance Inc., Senior Unsecured Note	05/15/2047	500,000	508,661	412,876	0.2
3.407% Bank of America Corp., Senior Unsecured Note	09/20/2025	800,000	800,000	780,658	0.4
3.230% BHP Billiton Finance Ltd., Senior Unsecured Note	05/15/2023	500,000	510,085	497,565	0.3
4.625% BNP Paribas, Junior Subordinated Debt	12/31/2099	750,000	943,212	716,408	0.4
2.538% BNP Paribas, Senior Non-Preferred Note	07/13/2029	1,500,000	1,502,110	1,282,898	0.7
4.75% Credit Agricole	12/31/2049	750,000	847,610	754,302	0.4
5.160% Citigroup Inc., Subordinated Debt	05/24/2027	650,000	657,561	640,824	0.3
5.375% Edison International	12/31/2049	750,000	916,475	788,486	0.4
0.8475% Goldman Sachs Group Inc., Senior Unsecured Note	04/29/2025	800,000	800,648	780,749	0.4
2.599% Goldman Sachs Group Inc., Senior Unsecured Note	11/30/2027	1,500,000	1,518,450	1,359,540	0.7
7.700% Intesa Sanpaolo	12/31/2049	500,000	646,243	582,575	0.3
3.650% JPMorgan Chase & Co., Junior Subordinated Debt	12/31/2099	750,000	929,936	805,417	0.4
0.8325% Morgan Stanley, Senior Unsecured Note	03/21/2025	500,000	500,150	489,041	0.3
5.125% Vodafone Group PLC., Subordinated Debt	06/04/2081	500,000	612,034	431,629	0.2
2.509% Wells Fargo & Co., Senior Unsecured Note	10/27/2023	850,000	834,090	830,866	0.4
3.874% Wells Fargo & Co., Subordinated Debt	05/21/2025	750,000	797,250	730,275	0.4
Total foreign bonds and debentures			14,186,892	12,600,228	6.5
Preferred shares					
			Number of Shares		
Altgas Ltd., Preferred Series A		20,000	295,800	330,600	0.2
BCE Inc., Preferred Series 5.5		18,800	314,647	357,576	0.2
BCE Inc., Preferred Series AG		35,200	684,877	559,680	0.3
Brookfield Asset Management Inc., Preferred Series 8		27,500	613,825	506,000	0.3
Brookfield Asset Management Inc., Preferred Series 9		2,000	29,725	32,980	-
Brookfield Asset Management Inc., Preferred Series 44		2,000	50,186	51,520	-
Enbridge Inc., Preferred Series R		8,300	133,233	143,258	0.1
Fairfax Financial Holdings Ltd., Preferred Series E		16,000	293,760	252,800	0.1
Fairfax Financial Holdings Ltd., Preferred Series M		8,500	193,846	190,570	0.1
Royal Bank of Canada, Preferred Series BH		6,800	165,721	160,616	0.1
Sun Life Financial Inc., Preferred Series 9QR		11,200	163,456	176,512	0.1
Toronto Dominion Bank, Preferred Series 24		9,000	222,120	227,880	0.1
Total preferred shares			3,161,196	2,989,992	1.6
Total investments at fair value through profit or loss			210,515,595	187,012,032	97.1
Other assets less liabilities				5,765,943	2.9
Total net assets				192,777,975	100.0

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – Fund Specific Information

For the six months ended June 30, 2022 and 2021

(unaudited)

The Fund Specific Information related to CWB Onyx Diversified Income Fund (the Fund) contained herein should be read in conjunction with the “Notes to the Financial Statements – General Information” related to all CWB Onyx Portfolio Series beginning on page 13.

1 Investment objective

The Fund’s investment objective is to provide investors with income and some capital appreciation, while preserving principal and reducing volatility. To achieve this objective, the Fund invests primarily in a diversified portfolio of fixed income securities and preferred shares, with up to 30% in foreign securities to enhance portfolio yield and reduce risk.

2 Financial risk management

Specific financial risks applicable to the Fund are discussed in detail below. For a comprehensive discussion of the risks applicable to the Fund, refer to Note C under the “Notes to the Financial Statements – General Information” related to all CWB Onyx Portfolio Series.

a) Currency risk

As at June 30, 2022, the Fund is exposed to the risk that the value of its U.S. denominated cash holdings and investments in bonds and debentures, which totaled \$4,974,960 or 2.6% (December 31, 2021 – \$2,752,603 or 1.4%) of net assets, will fluctuate due to changes in exchange rates. At the reporting date, if the Canadian dollar strengthened or weakened by 5% in relation to USD currencies represented in the portfolio with all other factors remaining constant, net assets could have possibly increased or decreased by \$249,000 (December 31, 2021 – \$138,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

b) Interest rate risk

The following table summarizes the Fund’s exposure to interest rate risk categorized by the earlier of contractual re-pricing or maturity dates:

	Less than 3 months \$	From 3 to 12 months \$	From 12 months to 3 years \$	From 3 to 5 years \$	Over 5 years \$	Total \$
Investments as at June 30, 2022	1,963,410	2,640,394	51,382,888	12,950,576	115,084,772	184,022,040
Investments as at December 31, 2021	5,379,426	2,076,962	47,880,745	14,794,695	118,911,894	189,043,722

Based on the average effective duration of the portfolio, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have been decreased or increased, respectively, by approximately \$14,685,000 (December 31, 2021 – \$15,275,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – Fund Specific Information

For the six months ended June 30, 2022 and 2021

(unaudited)

c) Price risk

The Fund's price risk is related to investments in a portfolio of preferred shares which represented 1.6% of net assets as at June 30, 2022 (December 31, 2021 – 1.8%). If preferred share prices on the stock exchanges in which they trade increased or decreased by 10%, with all other factors remaining constant, net assets could possibly have increased or decreased by approximately \$299,000 (December 31, 2021 – \$347,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

d) Credit risk

The following table summarizes the Fund's credit risk exposure related to investments in short-term notes, bonds and debentures, and preferred shares as a percentage of net assets grouped by credit ratings:

	June 30, 2022	December 31, 2021
	% of net assets	% of net assets
Credit Rating (DBRS)		
AAA	23.7	26.6
AA	23.6	22.7
A	19.8	19.3
BBB	27.6	28.9
BB	2.4	0.6
	97.1	98.1

e) Liquidity risk

Redeemable units are redeemable on demand at the holder's option.

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

f) Concentration risk

The following table summarizes the Fund's concentration risk by counterparty type related to investments in bonds, debentures and preferred shares:

	June 30, 2022	December 31, 2021
	% of total	% of total
	investments	investments
Bonds and debentures		
Corporate	49.8	47.9
Federal	21.0	21.1
Provincial	20.7	21.8
Foreign	6.9	7.4
	98.4	98.1
Preferred shares	1.6	1.9
	100.0	100.0

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – Fund Specific Information

For the six months ended June 30, 2022 and 2021

(unaudited)

3 Related party transactions

The Fund is managed by CWB Wealth Management Ltd. (the Manager). Series O unitholders negotiate a management fee that is paid directly to the Manager and not through the Fund. Management fees paid by the Fund to the Manager for Series A units are calculated at a maximum of 1.00% per annum, before applicable sales taxes, of the daily net asset value of the Series A units. Annual management fees, administration costs and operating expenses (excluding withholding taxes) are capped at 1.25% of the net asset value of the applicable units. During the period ended June 30, 2022, the Manager refunded \$2,859 (2021 – \$3,133) in management fees, which were reinvested back into the Fund, related to Series A units.

For the period ended June 30, 2022, Series A gross management fees incurred by the Fund totaled \$67,870 (2021 – \$74,308). The Manager did not waive any management fees during the year (2021 – nil). Actual operating and administration expenses, excluding management fees, charged to the Fund related to Series A units totaled \$8,125 (2021 – \$8,734) during the period ended June 30, 2022.

As at June 30, 2022, 85,746 Series O units (December 31, 2021 – 68,730) and 12,321 Series A units (December 31, 2021 – 9,877) were held by key management personnel of the Manager and their immediate family members.

At June 30, 2022, the CWB Onyx Balanced Solution Fund, CWB Onyx Conservative Solution Fund and CWB Onyx Growth Solution Fund, which are funds under common management, owned 1,195,866, 552,978 and 463,246 (December 31, 2021 – 1,099,162, 531,342 and 373,816) Series O units of the Fund, respectively.

4 Income 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 the tax year ended December 31, 2021, the Fund had allowable capital losses of \$957,328 (December 31, 2020 – \$522,223) and no non-capital losses (December 31, 2020 – nil) available for carryforward in future years.

5 Redeemable units

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

	CWB Onyx Diversified Income Fund			
	Series A		Series O	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Redeemable units outstanding – Beginning of period	1,298,798	1,470,142	17,951,501	13,316,026
Issued for cash	240,066	88,714	3,048,593	3,580,116
Redeemed	(108,360)	(181,438)	(1,375,146)	(710,267)
Issued on reinvestment of distributions	15,394	10,666	310,798	185,589
Redeemable units outstanding – End of period	1,445,898	1,388,084	19,935,746	16,371,464

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – Fund Specific Information

For the six months ended June 30, 2022 and 2021

(unaudited)

6 Fair value of financial instruments

For a general discussion of the Fund’s fair value measurements, refer to Note B(c) in the “Notes to the Financial Statements – General Information” related to all CWB Onyx Portfolio Series.

The following table illustrates 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	-	3,603,382	-	3,603,382
Domestic bonds and debentures	-	167,818,430	-	167,818,430
Foreign bonds and debentures	-	12,600,228	-	12,600,228
Preferred shares	2,989,992	-	-	2,989,992
	<u>2,989,992</u>	<u>184,022,040</u>	<u>-</u>	<u>187,012,032</u>

Investments at fair value through profit or loss as at December 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Short-term notes	-	5,379,426	-	5,379,426
Domestic bonds and debentures	-	169,830,341	-	169,830,341
Foreign bonds and debentures	-	13,833,955	-	13,833,955
Preferred shares	3,472,370	-	-	3,472,370
	<u>3,472,370</u>	<u>189,043,722</u>	<u>-</u>	<u>192,516,092</u>

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

There were no transfers within the fair value hierarchy during the period ended June 30, 2022 (December 31, 2021 – nil).

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

General Information related to the CWB Onyx Portfolio Series contained herein should be read in conjunction with the “Notes to the Financial Statements – Fund Specific Information” beginning on page 9.

A General

The CWB Onyx Portfolio Series consists of the CWB Onyx Balanced Solution, the CWB Onyx Canadian Equity Fund, the CWB Onyx Conservative Solution, the CWB Onyx Diversified Income Fund, the CWB Onyx Global Equity Fund, and the CWB Onyx Growth Solution (collectively, the Funds).

The Funds, domiciled in Canada, were established on February 2, 2016 under the laws of Alberta pursuant to a master declaration of trust (the Declaration of Trust) between CWB Wealth Management Ltd., as manager (the Manager) and as trustee. RBC Investor Services Trust is the custodian and administrator of the Funds.

The Funds are authorized to issue an unlimited number of series and an unlimited number of units. Currently authorized series of units are as follows: Series A and Series O. A holder of units is entitled to one vote at any meeting of unitholders of the Fund or a meeting of unitholders of that specific series for each dollar in value of units owned on the relevant date. In addition, each unit of a series entitles the holder to participate equally with all other units of the series in the regular distribution of net income and net realized capital gains of the Fund allocated to the series.

Series O units are available to large private or institutional investors who satisfy certain criteria established by the Manager. No management fees or operating expenses (other than certain litigation related expenses, if any) are charged to the Funds with respect to Series O units. Instead, each Series O investor negotiates a separate fee that is paid directly to the Manager and the Manager pays the operating expenses of the Funds (other than certain litigation expenses, if any) with respect to Series O units. Series A units carry a management fee and operating expenses and are available to all investors. In all other respects the series are equal.

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

B 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 years presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) on a historic cost basis, except for the revaluation of investments at fair value through profit or loss.

b) Use of estimates and significant judgments

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 year.

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 Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
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 to be 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 whose objective 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 whose objective 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 debt financial assets that do not meet the above 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.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

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 Funds become 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 Funds derecognize a financial asset or liability when their contractual obligations are discharged, cancelled or expire, the Funds' 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 Funds have not offset any financial instruments as at June 30, 2022 or December 31, 2021.

iii) Financial assets at fair value through profit or loss

Significant judgement is applied to determine the classification of the Funds' investments. Based on each 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 (Loss) 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 Funds' 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 Funds' 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 Funds are recognized in the Statements of Comprehensive (Loss) Income.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

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 Funds' cash, subscriptions, dividends and interest receivables as well as amounts owing from CWB Wealth Management Ltd. 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, distributions payable and accrued liabilities are classified as financial liabilities.

vi) Valuation models

The Funds are 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 Funds' determination of assumptions that market participants might reasonably use in valuing the securities. Refer to Note 6 in the "Notes to the Financial Statements – Fund Specific Information" for further information about the Fund's fair value measurements.

d) Cash and bank overdrafts

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 Funds effect an orderly liquidation of portfolio assets. Cash and bank overdrafts are carried at cost which approximates fair value.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

e) Redeemable units

In accordance with IFRS, the Funds classify financial instruments issued as financial liabilities or equity instruments based on the substance of the contractual terms of the instruments. The Funds have multiple series that do not have identical features and therefore, their 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 series by the total number of units of the series 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 Funds accounted for on an accrual basis. Interest receivable is shown separately on the Statements of Financial Position based on the fixed income securities' stated rates of interest. The Funds amortize 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.

The expenses of each Fund are allocated amongst the series of units on a series-by-series basis. Each series bears any expense that can be specifically attributed to that series. Common expenses, such as audit and custody fees, are allocated amongst the series on a pro rata basis relative to the net asset value of each series.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
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 Funds' 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 Funds do 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 Funds qualify as mutual fund trusts, are subject to tax under the Income Tax Act (the Act) on all of their taxable income (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to their unitholders. It is the policy of each Fund to allocate to the unitholders all income of the Fund for the year 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 Funds 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.

C Financial risk management

The following is a general discussion of the financial risks to which the Funds are exposed. Detailed financial risk information applicable to the Fund is included in Note 2 of the "Notes to the Financial Statements – Fund Specific Information".

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

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

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information

For the six months ended June 30, 2022 and 2021

(unaudited)

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 Funds' functional currency in determining fair value.

The Funds may enter into forward currency contracts for economic hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies.

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 Funds' exposure to interest rate risk is concentrated in their investment in fixed income securities (bonds, debentures and short-term notes). Other assets and liabilities are short-term in nature and/or non-interest bearing.

The Funds' policies require the Manager to manage risk by positioning the portfolios to take advantage of shifts in yield curve by emphasizing the segments fixed income securities within the term maturity that offer the best value, and calculating the average duration of the portfolios of fixed income securities. The average effective duration of the Funds' portfolios is a measure of the sensitivity of the fair value of the Funds' fixed income securities to changes in market interest rates.

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 Funds' policy is to manage price risk through diversification and selection of securities and other financial instruments within the limits specified in the Funds' 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.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

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 fair value of fixed income securities and preferred shares includes consideration of the credit worthiness of the issuer. The main concentration to which a Fund is exposed arises from the Funds' investments in fixed income securities and preferred shares. The Funds' exposure to counterparty credit risk on cash and other receivables is not significant. The carrying value of these financial instruments as recorded in the Statements of Financial Position reflects the Funds' maximum exposure to credit risk.

The risk management strategy for the Funds is to invest primarily in fixed income securities and preferred shares of higher credit quality issuers and to limit the amount of credit exposure with respect to any one corporate issuer. Credit risk is monitored by the Manager in accordance with the Funds' investment policies. The Funds have 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.

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

e) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and short-term investment holdings to maintain liquidity. The Funds 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.

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 Funds' policy is to manage concentration risk through appropriate diversification within the limits specified in the Funds' constating documents.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

D Related party transactions

a) Management fees

Management fees are 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 Funds by investors and ensuring compliance with the Funds' constating documents. For Series A units, the management fee paid by each Fund is calculated daily as a percentage of the net asset value of Series A units of the Fund and paid monthly. No management fees are charged to the Funds with respect to Series O units. Instead, each Series O investor negotiates a separate fee that is paid directly to the Manager. The annual management fee paid by Series O unitholders will not exceed the annual management fee paid by Series A unitholders.

The Manager may also hire sub-advisors, including those that are related to the Manager, to manage the investment portfolios of the Funds. Any fees paid to sub-advisors are paid directly by the Manager, not the Funds. Currently, sub-advisory services are provided by CWB McLean & Partners Wealth Management Ltd., a subsidiary of CWB Wealth Management Ltd.

At the Manager's discretion, management fees related to individual unitholders may be reduced depending on factors such as investment size or relationship with the unitholder. Refunded amounts are automatically reinvested in additional units of the relevant Fund. The refunded amounts are shown as management fees refunded on the Statements of Comprehensive (Loss) Income.

b) Operating expenses

In addition to management fees, Series A units pay their 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. The Manager has agreed to waive fees and expenses charged to Series A units in excess of a specified annual percentage of the net asset value of the series. If Series A fees and expenses are less than the specified percentage within 36 months of the date they were waived, the Manager has the right to seek reimbursement for previously waived costs. After December 31, 2021, the Manager may, but is not obligated to, reduce or waive fees or operating expenses in respect of Series A units.

No operating expenses (other than certain litigation related expenses, if any) are charged to Series O.

CWB Onyx Diversified Income Fund

Notes to the Financial Statements – General Information
For the six months ended June 30, 2022 and 2021

(unaudited)

E Capital risk management

The capital of the Funds 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 Funds are subject to daily subscriptions and redemptions at the discretion of unitholders. The Funds have no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Funds' objective in managing the assets of the Funds 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 Funds' 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 Funds pay to redeemable unitholders; and
- redeem and issue new units in accordance with the constitutional documents of the Funds, 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.