



## Interim Financial Reports (unaudited)

for the period ended June 30, 2024

### Statements of Financial Position (unaudited) (in 000s, except per unit amounts)

As at June 30, 2024 and December 31, 2023 (note 1)

	June 30, 2024	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Investments (non-derivative financial assets) (notes 2 and 3)	\$ 342,509	\$ 226,802
Cash including foreign currency holdings, at fair value	–	2,142
Interest receivable	1,725	1,126
Receivable for portfolio securities sold	–	287
Receivable for units issued	1,063	3,605
<b>Total Assets</b>	<b>345,297</b>	<b>233,962</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	1,476	–
Payable for portfolio securities purchased	364	3,242
Payable for units redeemed	210	10
<b>Total Liabilities</b>	<b>2,050</b>	<b>3,252</b>
<b>Net Assets Attributable to Holders of Redeemable Units (note 5)</b>	<b>\$ 343,247</b>	<b>\$ 230,710</b>
<b>Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 139,912	\$ 78,613
Series F	\$ 18,544	\$ 13,533
Series O	\$ 172,008	\$ 126,481
Series S	\$ 12,783	\$ 12,083
<b>Net Assets Attributable to Holders of Redeemable Units per Unit (note 5)</b>		
Series A	\$ 9.95	\$ 10.04
Series F	\$ 10.07	\$ 10.17
Series O	\$ 10.02	\$ 10.12
Series S	\$ 10.15	\$ 10.25

### Organization of the Fund (note 1)

The Fund was established on May 6, 2022 (*Date Established*).

	Inception Date
Series A	May 6, 2022
Series F	June 14, 2022
Series O	June 20, 2022
Series S	July 5, 2022

# CIBC Diversified Fixed Income Fund

## Statements of Comprehensive Income (unaudited) (in 000s, except per unit amounts)

For the periods ended June 30, 2024 and 2023 (note 1)

	June 30, 2024	June 30, 2023
<b>Net Gain (Loss) on Financial Instruments</b>		
Interest for distribution purposes	\$ 8,996	\$ 2,388
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments and derivatives	(33)	5
Net realized gain (loss) on foreign currency (notes 2f and g)	(34)	(27)
Net change in unrealized appreciation (depreciation) of investments and derivatives	(2,233)	612
<b>Net Gain (Loss) on Financial Instruments</b>	<b>6,696</b>	<b>2,978</b>
<b>Other Income</b>		
Foreign exchange gain (loss) on cash	18	11
	<b>18</b>	<b>11</b>
<b>Expenses (note 6)</b>		
Management fees $\pm\pm$	909	220
Fixed administration fees $\pm\pm\pm$	70	17
Independent review committee fees	—	—
Transaction costs	—	—
	<b>979</b>	<b>237</b>
Expenses waived/absorbed by the Manager	(101)	(20)
	<b>878</b>	<b>217</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units (excluding distributions)</b>	<b>5,836</b>	<b>2,772</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series (excluding distributions)</b>		
Series A	\$ 1,808	\$ 676
Series F	\$ 286	\$ 341
Series O	\$ 3,513	\$ 1,755
Series S	\$ 229	\$ —
<b>Average Number of Units Outstanding for the Period per Series</b>		
Series A	11,383	2,537
Series F	1,568	1,003
Series O	15,380	4,930
Series S	1,169	—
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit (excluding distributions)</b>		
Series A	\$ 0.15	\$ 0.26
Series F	\$ 0.19	\$ 0.34
Series O	\$ 0.24	\$ 0.35
Series S	\$ 0.20	\$ 0.21

## $\pm\pm$ Maximum Chargeable Annual Management Fee (note 6)

Series	Fee
Series A	1.25%
Series F	0.75%
Series O	0.00%
Series S	0.75%

## $\pm\pm\pm$ Fixed Administration Fee (note 6)

Series	Fee
Series A	0.10%
Series F	0.05%
Series O	n/a
Series S	0.05%

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

**Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)**  
(in 000s)

For the periods ended June 30, 2024 and 2023 (note 1)

	Series A Units		Series F Units		Series O Units		Series S Units	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units (excluding distributions)</b>	\$ 1,808	\$ 676	\$ 286	\$ 341	\$ 3,513	\$ 1,755	\$ 229	\$ –
<b>Distributions Paid or Payable to Holders of Redeemable Units ‡</b>								
From net investment income	(2,926)	(555)	(447)	(238)	(5,014)	(1,411)	(350)	–
	(2,926)	(555)	(447)	(238)	(5,014)	(1,411)	(350)	–
<b>Redeemable Unit Transactions</b>								
Amount received from the issuance of units	76,953	21,291	6,391	1,698	64,259	29,175	1,726	–
Amount received from reinvestment of distributions	2,774	529	383	208	4,934	1,408	350	–
Amount paid on redemptions of units	(17,310)	(3,627)	(1,602)	(861)	(22,165)	(2,719)	(1,255)	–
	62,417	18,193	5,172	1,045	47,028	27,864	821	–
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	61,299	18,314	5,011	1,148	45,527	28,208	700	–
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>	78,613	14,694	13,533	9,390	126,481	34,178	12,083	–
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>	\$ 139,912	\$ 33,008	\$ 18,544	\$ 10,538	\$ 172,008	\$ 62,386	\$ 12,783	\$ –

**Redeemable Units Issued and Outstanding (note 5)**

As at June 30, 2024 and 2023

Balance - beginning of period	7,827	1,486	1,331	938	12,498	3,432	1,179	–
Redeemable units issued	7,689	2,124	630	167	6,377	2,890	169	–
Redeemable units issued on reinvestments	279	53	38	20	492	140	34	–
	15,795	3,663	1,999	1,125	19,367	6,462	1,382	–
Redeemable units redeemed	(1,733)	(363)	(158)	(85)	(2,206)	(270)	(123)	–
Balance - end of period	14,062	3,300	1,841	1,040	17,161	6,192	1,259	–

**‡ Net Capital and Non-Capital Losses (note 7)**

As at December 2023, the Fund had net capital and non-capital losses (in \$000s) for income tax purposes available to be carried forward as follows: -

Total Net Capital Losses	Total Non-Capital Losses that Expire in: 2033 to 2043
42	–

**Statements of Cash Flows (unaudited)**  
(in 000s)

For the periods ended June 30, 2024 and 2023 (note 1)

	June 30, 2024	June 30, 2023
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations (excluding distributions)	\$ 5,836	\$ 2,772
Adjustments for:		
Foreign exchange loss (gain) on cash	(18)	(11)
Net realized (gain) loss on sale of investments and derivatives	33	(5)
Net change in unrealized (appreciation) depreciation of investments and derivatives	2,233	(612)
Purchase of investments	(133,209)	(49,288)
Proceeds from the sale of investments	12,645	2,178
Interest receivable	(599)	–
	(113,079)	(44,966)
<b>Cash Flows from Financing Activities</b>		
Amount received from the issuance of units	151,871	51,484
Amount paid on redemptions of units	(42,132)	(7,215)
Distributions paid to unitholders	(296)	(47)
	109,443	44,222
<b>Increase (Decrease) in Cash during the Period</b>	(3,636)	(744)
<b>Foreign Exchange Loss (Gain) on Cash</b>	18	11
<b>Cash (Bank Overdraft) at Beginning of Period</b>	2,142	1,148
<b>Cash (Bank Overdraft) at End of Period</b>	\$ (1,476)	\$ 415
Interest received	\$ 8,397	\$ 2,388

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

# CIBC Diversified Fixed Income Fund

## Schedule of Investment Portfolio (unaudited) As at June 30, 2024

Security	Number of Units	Average Cost (\$000s)	Fair Value (\$000s)	% of Net Assets
<b>MUTUAL FUNDS</b>				
PIMCO Monthly Income Fund (Canada), Series "I"	27,457,183	343,235	342,509	
<b>TOTAL MUTUAL FUNDS</b>		<b>343,235</b>	<b>342,509</b>	<b>99.8%</b>
Less: Transaction costs included in average cost		—		
<b>TOTAL INVESTMENTS</b>		<b>343,235</b>	<b>342,509</b>	<b>99.8%</b>
Other Assets, less Liabilities			738	0.2%
<b>TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			<b>343,247</b>	<b>100.0%</b>

## Supplemental Schedule to Schedule of Investment Portfolio (unaudited)

### Offsetting Arrangements (note 2d)

The Fund may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

As at June 30, 2024 and December 31, 2023, the Fund did not enter into any arrangements whereby the financial instruments were eligible for offset.

### Financial Instrument Risks

**Investment Objective:** CIBC Diversified Fixed Income Fund (the *Fund*) is to maximize current income consistent with preservation of capital and prudent investment management, with a secondary focus on long-term capital appreciation. The Fund invests primarily in a global fixed income fund that invests in a diversified portfolio of non-Canadian dollar fixed income instruments of varying maturities.

**Investment Strategies:** To achieve its investment objectives, the Fund will primarily invest in units of PIMCO Monthly Income Fund (Canada) (the *Underlying Fund*). The Underlying Fund seeks to achieve its investment objective by investing under normal circumstances primarily in non-Canadian dollar fixed income instruments of varying maturities. The Underlying Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The Underlying Fund's average portfolio duration normally varies within zero to eight years.

As the Fund invests in units of PIMCO Monthly Income Fund (Canada), it may be indirectly exposed to concentration, credit, currency, and interest rate risks from these holdings. Only direct exposure to significant risks that are relevant to the Fund is discussed here. General information on risk management and specific discussion on concentration, credit, currency, interest rate, liquidity, and other price/market risk can be found in note 2 of the financial statements.

In the following risk tables, Net Assets is defined as meaning "Net assets attributable to holders of redeemable units".

#### Concentration Risk as at June 30, 2024 and December 31, 2023

The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2024.

The following table presents the investment sectors held by the Fund as at December 31, 2023, and groups the securities by asset type, industry sector, geographic region, or currency exposure:

As at December 31, 2023

Portfolio Breakdown	% of Net Assets
<b>Mutual Funds</b>	
PIMCO Monthly Income Fund (Canada)	98.3
<b>Other Assets, less Liabilities</b>	<b>1.7</b>
<b>Total</b>	<b>100.0</b>

### Interests in Underlying Funds (note 4)

As at June 30, 2024 and December 31, 2023, the Fund had no investments in Underlying Funds where the ownership exceeded 20% of each Underlying Fund.

#### Credit Risk

Credit ratings represent a consolidation of the ratings provided by various outside service providers and are subject to change, which could be material.

See the Schedule of Investment Portfolio for counterparties related to over-the-counter derivative contracts, where applicable.

As at June 30, 2024 and December 31, 2023, the Fund had no significant investments in debt securities.

#### Currency Risk

As at June 30, 2024, the Fund did not have a significant exposure to currency risk.

The table that follows indicates the currencies to which the Fund had significant exposure as at December 31, 2023, based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable.

As at December 31, 2023

Currency (note 2a)	Total Currency Exposure* (\$000s)	% of Net Assets
USD	149	0.1

\* Amounts reflect the carrying value of monetary and non-monetary items (including the notional amount of forward foreign currency contracts, if any).

The table that follows indicates how net assets as at June 30, 2024 and December 31, 2023 would have decreased or increased had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies. This analysis assumes that all other variables remain unchanged. In practice, the actual results may differ from this analysis and the difference could be material.

	June 30, 2024	December 31, 2023
<b>Impact on Net Assets (\$000s)</b>	<b>—</b>	<b>1</b>

#### Interest Rate Risk

As at June 30, 2024 and December 31, 2023, the majority of the Fund's financial assets and liabilities are non-interest bearing and short-term in nature; accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

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

### Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions of redeemable units. The Fund maintains sufficient cash on hand to fund anticipated redemptions.

With the exception of derivative contracts, where applicable, all of the Fund's financial liabilities are short-term liabilities maturing within 90 days after the period end.

For funds that hold derivative contracts with a term-to-maturity that exceeds 90 days from the period end, further information related to those contracts can be referenced in the derivative schedules following the Schedule of Investment Portfolio.

### Other Price/Market Risk

The table that follows indicates how net assets as at June 30, 2024 and December 31, 2023 would have increased or decreased had the value of the Fund's benchmark(s) increased or decreased by 1%. This change is estimated based on the historical correlation between the return of Series A units of the Fund as compared to the return of the Fund's benchmark(s), using 24 monthly data points, as available, based on the monthly net returns of the Fund. This analysis assumes that all other variables remain unchanged. The historical correlation may not be representative of the future correlation and, accordingly, the impact on net assets could be materially different.

Benchmark(s)	Impact on Net Assets (\$000s)	
	June 30, 2024	December 31, 2023
Bloomberg U.S. Aggregate Index (Hedged to CAD)	2,216	1,495

### Fair Value Measurement of Financial Instruments

The following is a summary of the inputs used as at June 30, 2024 and December 31, 2023 in valuing the Fund's financial assets and financial liabilities, carried at fair value:

#### As at June 30, 2024

Classification	Level 1 (i) (\$000s)	Level 2 (ii) (\$000s)	Level 3 (iii) (\$000s)	Total (\$000s)
<b>Financial Assets</b>				
Mutual Funds	—	342,509	—	342,509
<b>Total Financial Assets</b>	<b>—</b>	<b>342,509</b>	<b>—</b>	<b>342,509</b>

(i) Quoted prices in active markets for identical assets

(ii) Significant other observable inputs

(iii) Significant unobservable inputs

#### As at December 31, 2023

Classification	Level 1 (i) (\$000s)	Level 2 (ii) (\$000s)	Level 3 (iii) (\$000s)	Total (\$000s)
<b>Financial Assets</b>				
Mutual Funds	—	226,802	—	226,802
<b>Total Financial Assets</b>	<b>—</b>	<b>226,802</b>	<b>—</b>	<b>226,802</b>

(i) Quoted prices in active markets for identical assets

(ii) Significant other observable inputs

(iii) Significant unobservable inputs

### Transfer of assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market.

For the periods ended June 30, 2024 and December 31, 2023, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market.

For the periods ended June 30, 2024 and December 31, 2023, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

### Reconciliation of financial asset and liability movement - Level 3

The Fund did not hold any Level 3 investments at the beginning of, during, or at the end of either reporting period.

# Notes to Financial Statements (unaudited)

As at and for the periods as disclosed in the financial statements (see note 1)

## 1. Organization of the Funds and Financial Reporting Periods

Each of the CIBC Fixed Income Funds (individually, a *Fund*, and collectively, the *Funds*) is a mutual fund trust, except CIBC Global Credit Fund which is a unit trust, organized under the laws of Ontario and governed by a declaration of trust (*Declaration of Trust*). The address of the Funds' head office is CIBC Square, 81 Bay Street, 20th Floor, Toronto, Ontario, M5J 0E7.

CIBC Asset Management Inc. (*CAMI*) is the manager (the *Manager*) and also the trustee, portfolio advisor and registrar and transfer agent of the Funds.

Each Fund is permitted to have an unlimited number of classes of units, each of which is issuable in an unlimited number of series, and may issue an unlimited number of units of each series. In the future, the offering of any series of units of a Fund may be terminated or additional series of units may be offered. The following table indicates the series of units offered for sale by each of the Funds, as at the date of these financial statements:

Funds	Series A	Series F	Series S	Series O
CIBC Diversified Fixed Income Fund	✓	✓	✓	✓
CIBC Global Credit Fund	✓	✓	✓	✓
CIBC Emerging Markets Local Currency Bond Fund	✓	✓	✓	✓

Each series of units may charge a different management fee and fixed administration fee. As a result, a separate net asset value per unit is calculated for each series of units. Series A units are available to all investors subject to certain minimum investment requirements and may pay an upfront sales charge when purchasing units.

Series F units are available, subject to a minimum investment requirements, to investors participating in certain programs, such as clients of "fee-for-service" investment advisors, dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer, and to investors who have accounts with a discount broker. Instead of paying a sales charge, investors purchasing Series F units may pay fees to their dealer for their services. Trailing commissions are not paid to dealers in respect of Series F units, which allows for Series F units to charge a lower annual management fee.

Series O units are only available to certain investors who have been approved by and have entered into a Series O unit account agreement with the Manager or whose dealer or discretionary manager offers separately managed accounts or similar programs and has entered into a Series O unit account agreement with the Manager and mutual funds managed by the Manager or an affiliate that use a fund-of-fund structure. These investors are typically financial services companies, including the Manager, that use Series O units of a fund to facilitate offering other products to investors. No management fees or fixed administration fees are charged to a Fund in respect of Series O units; instead, a negotiated management fee is charged by the Manager directly to, or as directed by, Series O unitholders or dealers and discretionary managers on behalf of unitholders.

Series S and Series SM units are only available for purchase by mutual funds, asset allocation services or discretionary managed accounts offered by the manager or its affiliates. As of the reporting date, Series SM units are included in the Simplified Prospectus of the Funds, however, the series has not been activated for sale to the public and therefore not operational.

The date upon which each Fund was established by Declaration of Trust (*Date Established*) and the date upon which each series of units of each Fund was first sold to the public (*Inception Date*) are reported in the footnote *Organization of the Fund* on the Statements of Financial Position.

The Schedule of Investment Portfolio of each of the Funds is as at June 30, 2024. The Statements of Financial Position of each of the Funds is as at June 30, 2024 and December 31, 2023. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and the Statements of Cash Flows of each of the Funds are for the six-month periods ended June 30, 2024 and 2023.

These financial statements were approved for issuance by the Manager on August 13, 2024.

## 2. Summary of Material Accounting Policy Information

These financial statements have been prepared in accordance with International Accounting Standards Interim Reporting (*IAS 34*) as published by the International Accounting Standards Board (*IASB*).

The financial statements have been prepared on a going concern basis using the historical cost convention. However, each Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with International Financial Reporting Standards (*IFRS*). Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders. In applying IFRS, these financial statements include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. However, existing circumstances and assumptions may change due to market changes or circumstances arising beyond the control of the Funds. Such changes are reflected in the assumptions when they occur.

These financial statements have been presented in Canadian dollars, which is the Funds' functional currency (unless otherwise noted).

### a) Financial Instruments

#### Classification and recognition of financial instruments

Under IFRS 9 *Financial Instruments*, the Funds classify financial assets into one of three categories based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Those categories are:

- *Amortized Cost* - Assets held within a business model whose objective is to collect cash flows and where the contractual cash flows of the assets are solely payments of principal and interest (*SPPI criterion*). Amortization of the asset is calculated utilizing the Effective Interest Rate Method.
- *Fair Value Through Other Comprehensive Income (FVOCI)* - Financial assets such as debt instruments that meet the SPPI criterion and are held within a business model with objectives that include both collecting the associated contractual cash flows and selling financial assets. Gains and losses are reclassified to profit or loss upon derecognition for debt instruments but remain in other comprehensive income for equity instruments.
- *Fair Value Through Profit or Loss (FVTPL)* - A financial asset is measured at FVTPL unless it is measured at Amortized Cost or FVOCI. Derivative contracts are measured at FVTPL. For all instruments classified as FVTPL, the gains and losses are recognized in profit or loss.

Financial liabilities are classified at FVTPL when they meet the definition of held-for-trading or when they are designated as FVTPL on initial recognition using the fair value option.

The Manager has assessed the business models of the Funds and has determined that the Funds' portfolio of financial assets and financial liabilities are managed and performance is evaluated on a fair value basis in accordance with the Funds' risk management and investment strategies; therefore, classification and measurement of financial assets is FVTPL.

All Funds have contractual obligations to distribute cash to the unitholders. As a result, each Fund's obligation for net assets attributable to holders of redeemable units represents a financial liability and is presented at the redemption amount.

### b) Risk management

The Funds' overall risk management approach includes formal guidelines that govern the extent of exposure to various types of risk, including diversification within asset classes and limits on the exposure to individual investments and counterparties. In addition, derivative financial instruments may be used to manage certain risk exposures. The Manager also has various internal controls to oversee the Funds' investment activities, including monitoring compliance with the investment objectives and strategies, internal guidelines, and securities regulations. Please refer to each Fund's *Supplemental Schedule to Schedule of Investment Portfolio* for specific risk disclosures.

### Fair value of financial instruments by using valuation techniques

Financial instruments are valued at their fair value, which is defined as 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. Refer to notes 3a to 3f for valuation of each specific type of financial instrument held by the Funds. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the price that is most representative of fair value based on the specific facts and circumstances.

For financial assets and financial liabilities that are not traded in an active market, fair value is determined using valuation techniques.

The Funds classify fair value measurement within a hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (*Level 1*) and the lowest priority to unobservable inputs (*Level 3*). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable for the asset or liability.

If inputs are used to measure an asset's or a liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. Each Fund's fair value hierarchy classification of its assets and liabilities is included in the *Supplemental Schedule to Schedule of Investment Portfolio*.

The carrying values of all non-investment assets and liabilities approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of a Fund, including the Level 3 measurements. The Manager obtains pricing from third-party pricing vendors and the pricing is reviewed daily. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements. The Funds also have a Valuation Committee that meets quarterly to perform detailed reviews of the valuations of investments held by the Funds, which includes discussion on Level 3 measurements.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument, such as a fixed income security or a derivative contract, will fail to discharge an obligation or commitment that it has entered into with the Funds. The value of fixed income securities and derivatives as presented on the Schedule of Investment Portfolio includes consideration of the creditworthiness of the issuer and, accordingly, represents the maximum credit risk exposure of the Funds. Certain Funds may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or, any Canadian provincial or Canadian municipal government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low and these securities primarily have credit ratings of "A-1 (Low)" or higher (as rated by S&P Global Ratings, a division of S&P Global, or equivalent rating from another rating service).

The bond ratings noted in the Funds' "Financial Instruments Risk" under sub-section "Credit Risk" represent ratings collected and disseminated by recognized third-party vendors. These ratings utilized by the Manager, while obtained from vendors skilled and recognized for bond rating services, may not be the same as those used directly by the portfolio advisor or portfolio sub-advisors. Ratings used by the portfolio advisor or portfolio sub-advisors could be higher or lower than those used for risk disclosure in the financial statements in compliance with their investment policy guidelines.

The Funds may engage in securities lending transactions. The credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Funds in connection with these transactions is at least 102% of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. Further information regarding the collateral and securities on loan can be found in the footnotes to the Statements of Financial Position and in note 21.

### Currency risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. Mutual funds may invest in securities denominated or traded in currencies other than the Funds' reporting currency.

### Interest rate risk

Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. This risk is known as interest rate risk. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates.

### Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. Generally, the Funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or a lower return for a Fund.

### Other price/market risk

Other price/market risk is the risk that the value of investments will fluctuate as a result of changes in market conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events, such as pandemics or disasters which occur naturally or are exacerbated by climate change. Pandemics such as coronavirus disease 2019 (COVID-19) may adversely affect global markets and the performance of the Funds. All investments are exposed to other price/market risk.

#### Russian Federation-Ukraine Conflict

The escalating conflict between the Russian Federation and Ukraine has resulted in significant volatility and uncertainty in financial markets. NATO, EU and G7 member countries, including Canada, have imposed severe and coordinated sanctions against Russia. Restrictive measures have also been imposed by Russia. These actions have resulted in significant disruptions to investing activities and businesses with operations in Russia and certain securities have become illiquid and/or have materially declined in value. The longer-term impact to geopolitical norms, supply chains and investment valuations is uncertain.

As at June 30, 2024, the Funds had either no exposure or an exposure of less than 1% of their net assets to Russian securities. It is unclear what further actions may be taken by governments and the resulting impact on global economies, businesses and financial markets. While the situation remains fluid, the Manager continues to monitor ongoing developments and the impact to investment strategies.

### c) Investment Transactions, Income Recognition, and Recognition of Realized and Unrealized Gains and Losses

- i) Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight-line basis.
- ii) Dividend income is recorded on the ex-dividend date.
- iii) Investment transactions are recorded on a trade date basis. Securities that are exchange-traded are recorded at fair value established by the last traded market price when that price falls within that day's bid-ask spread. Debt securities are recorded at fair value, established by the last traded price on the over-the-counter (OTC) market when that price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the price that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are recorded at fair value using fair valuation techniques established by the Manager in establishing a fair value.



## Notes to Financial Statements (unaudited)

- iv) Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost, excluding transaction costs, of the related investments.
- v) Investment income is the sum of income paid to the Fund that is generated from a Fund's investment fund holdings.
- vi) Other income is the sum of income, excluding transaction costs, other than that which is separately classified on the Statements of Comprehensive Income.

### d) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statements of Financial Position, if there is a currently enforceable legal 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.

Where applicable, additional information can be found in the table *Offsetting Arrangements* as part of the *Supplemental Schedule to Schedule of Investment Portfolio*. This supplemental schedule discloses the OTC derivatives which are subject to offsetting.

### e) Portfolio Securities

The cost of securities of a Fund is determined in the following manner: securities are purchased and sold at a market-traded price to arrive at a value for the position traded. The total purchased value represents the total cost of the security to the Fund. When additional units of the same security are purchased, the cost of those additional units is added to the total security cost. When units of the same security are sold, the proportionate cost of the units of the security sold is deducted from the total security cost. If there is a return of capital paid by a security, the amount of this return of capital is deducted from the total security cost. This method of tracking security cost is known as "average cost" and the current total for any one security is the "adjusted cost base" or "ACB" of the security. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units and are presented as a separate expense item in the financial statements.

The difference between the fair value of securities and their average cost, excluding transaction costs, represents the unrealized appreciation (depreciation) in value of the portfolio investments. The applicable period change in unrealized appreciation (depreciation) of investments is included on the Statements of Comprehensive Income.

Short-term investments on the Schedule of Investment Portfolio are presented at their amortized cost which approximates the fair value. Accrued interest for bonds is disclosed separately on the Statements of Financial Position.

### f) Foreign Exchange

The value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars, which is the Funds' functional and presentation currency at the current rates prevailing on each valuation date.

Purchases and sales of investments, income, and expenses are translated into Canadian dollars, which is the Funds' functional and presentation currency at the foreign exchange rates prevailing on the dates of such transactions. Foreign currency translation gains (losses) on investments and income transactions are included in Net realized gain (loss) on foreign currency and in Income, respectively, on the Statements of Comprehensive Income.

### g) Forward Foreign Currency Contracts

The Funds may enter into forward foreign currency contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities.

Changes in the fair value of forward foreign currency contracts are included in derivative assets or derivative liabilities on the Statements of Financial Position, and are recorded as an Increase (decrease) in unrealized appreciation (depreciation) of investments and derivatives during the applicable period on the Statements of Comprehensive Income.

The gain or loss arising from the difference between the value of the original forward foreign currency contract and the value of such contract at close or delivery is realized and recorded as Net realized gain (loss) on foreign currency for Funds that use the forward foreign currency contracts for hedging, or as Derivative income (loss) from forward foreign currency contracts for Funds that do not use the forward foreign currency contracts for hedging.

### h) Futures Contracts

The Funds may enter into futures contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities.

The margin deposits with brokers relating to futures contracts are included in Margin on the Statements of Financial Position. Any change in the margin requirement is settled daily and included in Receivable for portfolio securities sold or Payable for portfolio securities purchased on the Statements of Financial Position.

Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as Derivative income (loss) from futures contracts on the Statements of Comprehensive Income.

### i) Options

The Funds may enter into options contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities.

Premiums paid for purchased call and put options are included in derivative assets and subsequently measured at fair value on the Statements of Financial Position. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For a closing transaction, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of the security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included in derivative liabilities and subsequently measured at fair value on the Statements of Financial Position as initial reductions in the value of investments. Premiums received from writing options that expire unexercised are recorded as realized gains and reported as Net gain (loss) on sale of investments and derivatives on the Statements of Comprehensive Income. For a closing transaction, if the cost of closing the transaction exceeds the premium received, the Fund will record a realized loss or, if the premium received at the time the option was written is greater than the amount paid, the Fund will record a realized gain and is reported as Net gain (loss) on sale of investments and derivatives. If a written put option is exercised, the cost for the security delivered is reduced by the premiums received at the time the option was written.

### j) Swap Contracts

The Funds may enter into swap contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities. The Funds can enter into swap contracts either through exchanges that provide clearing and settlement, or with financial institutions counterparties. The swap contracts with counterparties result in the Funds having credit exposure to the counterparties or guarantors. With the exception of cleared specified derivatives, the Funds will only enter into swap contracts with counterparties having a designated rating.

The amount to be received (or paid) on the swap contracts is recognized as Derivative asset or Derivative liability on the Statements of Financial Position over the life of the contracts. Unrealized gains are reported as an asset and unrealized losses are reported as a liability on the Statements of Financial Position. A realized gain or loss is recorded upon early or partial termination and upon maturity of the swap contracts and is recorded as Derivative income (loss). Changes in the amount to be received (or paid) on the swap contract are recorded as Net change in unrealized appreciation (depreciation) of investments and derivatives on the Statements of Comprehensive Income. Details of swap contracts open at period end are included with the applicable Funds. Schedule of Investment Portfolio under the caption Schedule of Derivative Assets and Liabilities - Swap Contracts.



**k) Reverse Repurchase Agreements**

Uninvested cash balances may be invested in reverse repurchase transactions.

In reverse repurchase transactions, Canadian or Provincial Government securities are purchased from a counterparty who agrees to repurchase the securities at a higher price at a specified future date. The difference in price is reported as interest income. Credit risk arises from the potential for a counterparty to default on its obligation to repurchase the security. The risk is managed by the use of counterparties acceptable to the Manager and by the receipt of the securities as collateral. The value of the collateral must be at least 102% of the daily market value of the cash invested. Any reverse repurchase agreements open at period end are included in the Schedule of Investment Portfolio.

**l) Securities Lending**

A Fund may lend portfolio securities in order to earn additional revenue, which is disclosed on the Statements of Comprehensive Income. The loaned assets of any one Fund are not permitted to exceed 50% of the fair value of the assets of that Fund (excluding collateral debt for the loaned securities). The minimum allowable collateral is 102% of the fair value of the loaned securities as per the requirements of National Instrument 81-102 – *Investment Funds*. Collateral can consist of the following:

- i) Cash.
- ii) Qualified securities.
- iii) Irrevocable letters of credit issued by a Canadian financial institution that is not the counterparty, or an affiliate counterparty, of the fund in the transaction, if evidences of indebtedness of the Canadian financial institution that are rated as short-term debt by an approved credit rating organization have an approved credit rating.
- iv) Securities that are immediately convertible into securities of the same issuer, class, or type, and the same term, as the securities loaned.

The fair value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Fund on the next business day. The securities on loan continue to be included on the Schedule of Investment Portfolio and are included in the total value on the Statements of Financial Position in Investments (non-derivative financial assets) at fair value. Where applicable, a Fund's securities lending transactions are reported in the footnote *Securities Lending* on the Statements of Financial Position.

National Instrument 81-106 – *Investment Fund Continuous Disclosure* requires a reconciliation of the gross income amount generated from the securities lending transactions of the Funds to the revenue from securities lending disclosed in the Funds' Statements of Comprehensive Income. The gross amount generated from securities lending includes interest paid on collateral, withholding taxes deducted, the fees paid to the Funds' lending agent and the securities lending revenue received by the Funds. Where applicable, the reconciliation can be found in the footnotes to the Funds' Statements of Comprehensive Income.

**m) Multi-Class or Multi-Series Structured Funds**

The realized and unrealized capital gains or losses, income, and common expenses (other than series-specific operating expenses and management fees) of the Fund are allocated on each valuation date to the unitholders in proportion to the respective prior day's net asset value, which includes unitholder trades dated for that day, of each series of units at the date on which the allocation is made. All series-specific management fees and fixed administration fees do not require allocation.

**n) Loans and Receivables, Other Assets and Liabilities**

Loans and receivables, other assets and liabilities are recorded at cost, which approximates their fair value, with the exception of net assets attributable to holders of redeemable units which are presented at the redemption value.

**o) Legend for Abbreviations**

The following is a list of abbreviations (foreign currency translation and others) that may be used on the Schedule of Investment Portfolio:

<i>Currency Abbreviations</i>	<i>Currency Name</i>	<i>Currency Abbreviations</i>	<i>Currency Name</i>
AED	United Arab Emirates Dirham	JPY	Japanese Yen
ARS	Argentine Peso	KRW	South Korean Won
AUD	Australian Dollar	MAD	Morocco Dirham
BRL	Brazilian Real	MXN	Mexican Peso
CAD	Canadian Dollar	MYR	Malaysian Ringgit
CHF	Swiss Franc	NOK	Norwegian Krone
CLP	Chilean Peso	NZD	New Zealand Dollar
CNY	Chinese Renminbi	PEN	Peruvian Nuevo Sol
COP	Colombian Peso	PHP	Philippine Peso
CZK	Czech Koruna	PKR	Pakistan Rupee
DKK	Danish Krone	PLN	Polish Zloty
EGP	Egyptian Pound	QAR	Qatari Riyal
EUR	Euro	RUB	Russian Ruble
GBP	British Pound	SAR	Saudi Riyal
HKD	Hong Kong Dollar	SEK	Swedish Krona
HUF	Hungarian Forint	SGD	Singapore Dollar
IDR	Indonesian Rupiah	THB	Thai Baht
ILS	Israeli Shekel	TRY	New Turkish Lira
INR	Indian Rupee	TWD	Taiwan Dollar
JOD	Jordanian Dinars	USD	United States Dollar

## Notes to Financial Statements (unaudited)

Other Abbreviations	Description
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ADR	American Depositary Receipt
CVO	Contingent Value Obligations International
ELN	Equity Linked Note
ETF	Exchange Traded Fund
GDR	Global Depositary Receipt Securities
NVDR	Non-Voting Depositary Receipt

### p) 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 of each class or series is calculated by dividing the Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions), as reported on the Statements of Comprehensive Income, by the weighted average number of units in issue during the related period.

### 3. Valuation of Investments

The valuation date (*Valuation Date*) for a Fund is any day when the Manager's head office is open for business. The Manager may, at its discretion, establish other Valuation Dates. The value of the investments or assets of a Fund is determined as follows:

#### a) Cash and Other Assets

Cash, accounts receivable, dividends receivable, distributions receivable, and interest receivable are valued at fair value or at their recorded cost, plus or minus any foreign exchange between recognition of the asset by the Fund and the current Valuation Date, which approximates fair value.

#### b) Bonds, Debentures and Other Debt Obligations

Bonds, debentures, and other debt obligations are fair valued using the last traded price provided by a recognized vendor upon the close of trading on a Valuation Date, whereby the last traded price falls within that day's bid-ask spread. If the last traded price does not fall within that day's bid-ask spread, the Manager will then determine the price that is most representative of fair value based on the specific facts and circumstances.

#### c) Listed Securities, Unlisted Securities and Fair Value Pricing of Foreign Securities

Any security that is listed or traded on a securities exchange is fair valued using the last traded price, whereby the last traded price falls within that day's bid-ask spread or, if there is no traded price on that exchange or the last traded price does not fall within that day's bid-ask spread and in the case of securities traded on an OTC market, at the fair value as determined by the Manager as an appropriate basis for valuation. In such situations, a fair value will be determined by the Manager to establish current value. If any securities are inter-listed or traded on more than one exchange or market, the Manager will use the principal exchange or market for the fair value of such securities.

Units of each mutual fund in which a Fund invests will be valued at fair value using the most recent net asset value quoted by the Trustee or Manager of the mutual fund on the Valuation Date.

Unlisted securities are fair valued using the last traded price quoted by a recognized dealer, or the Manager may determine a price that more accurately reflects the fair value of these securities if the Manager feels the last traded price does not reflect fair value.

Fair value pricing is designed to avoid stale prices and to provide a more accurate net asset value, and may assist in the deterrence of harmful short-term or excessive trading in the Fund. When securities listed or traded on markets or exchanges that close prior to North or South American markets or exchanges are valued by the Manager at their fair market value, instead of using quoted or published prices, the prices of such securities used to calculate the Fund's net assets or net asset value may differ from quoted or published prices of such securities.

#### d) Derivatives

Long positions in options, debt-like securities, and listed warrants are fair valued using the last traded price as established on either their principal trading exchange or by a recognized dealer in such securities, whereby the last traded price falls within that day's bid-ask spread and the credit rating of each counterparty (as rated by S&P Global Ratings, a division of S&P Global) meets or exceeds the minimum designated rating.

When any option is written by any Fund, the premium received by the Fund will be reflected as a liability that will be valued at an amount equal to the current fair value of the option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the liability shall be deducted in arriving at the net assets attributable to holders of redeemable units of the Fund. The securities that are the subject of a written option, if any, will be valued in the manner described above for listed securities.

Futures contracts, forward contracts, or swaps will be valued at fair value of the gain or loss, if any, that would be realized on the Valuation Date if the position in the futures contracts, forward contracts, or swaps were to be closed out.

Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as an account receivable and margin consisting of assets other than cash will be noted as held as collateral. Other derivatives and margin are fair valued in a manner that the Manager determines to represent their fair value.

#### e) Restricted Securities

Restricted securities purchased by any Fund will be fair valued in a manner that the Manager determines to represent their fair value.

#### f) Other Investments

All other investments of the Funds will be fair valued in accordance with the laws of the Canadian securities regulatory authorities where applicable.

The value of any security or other property of a Fund for which a market quotation is not readily available or where the market quotations do not properly reflect the fair value of such securities will be determined by the Manager by valuing the securities at their fair value. In such situations, fair value will be determined using fair valuation techniques that most accurately reflect their fair value as established by the Manager.

### 4. Interests in Underlying Funds

The Funds may invest in other investment funds (*Underlying Funds*). Each Underlying Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of redeemable units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The funds' interests in Underlying Funds held in the form of redeemable units, are reported in their Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. The Funds' interests in Underlying Funds as at the prior year period ends are presented in the "Financial Instruments Risks" section under sub-section "Concentration Risk" in the Supplemental Schedule to Schedule of Investment Portfolio. Distributions earned from Underlying Funds are included in "Investment Income" in the Statements of Comprehensive Income. The total realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.

Where applicable, the table "Interests in Underlying Funds" presented as part of the Supplemental Schedule to Schedule of Investment Portfolio, provides additional information on the Funds' investments in Underlying Funds where the ownership interest exceeds 20% of each Underlying Fund.

## 5. Redeemable Units Issued and Outstanding

Each Fund is permitted to have an unlimited number of series of units and may issue an unlimited number of units of each series. The outstanding units represent the net assets attributable to holders of redeemable units of a Fund. Each unit has no par value and the value of each unit is the net asset value as determined on each valuation date. Settlement of the cost for units issued is completed as per security regulations in place at the time of issue. Distributions made by a Fund and reinvested by unitholders in additional units also constitute issued redeemable units of a Fund.

Units are redeemed at the net assets attributable to holders of a redeemable unit per unit of a Fund. A right to redeem units of a Fund may be suspended with the approval of the Canadian securities regulatory authorities; when normal trading is suspended on a stock, options, or futures exchange within Canada or outside of Canada on which securities or derivatives that make up more than 50% of the value or underlying exposure of the total assets of a Fund, not including any liabilities of a Fund, are traded and when those securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for a Fund. The Fund is not subject to any externally imposed capital requirements.

The capital received by a Fund is utilized within the respective investment mandate of the Fund. This includes the ability to make liquidity available to satisfy unitholder unit redemption requirements upon a unitholder's request.

Changes in issued and outstanding units for the six-month periods ended June 30, 2024 and 2023 can be found on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

## 6. Management Fees, Fixed Administration Fees and Operating Expenses

Management fees are based on the net asset value of the Funds and are calculated daily and paid monthly. Management fees are paid to the Manager in consideration for providing, or arranging for the provision of, management, distribution, and portfolio advisory services. Advertising and promotional expenses, office overhead expenses related to the Manager's activities, trailing commissions are paid by the Manager out of the management fees received from the Funds.

For Series A, Series F, Series S and Series SM units, the Funds may charge up to a maximum annual management fee. The maximum annual management fee expressed as a percentage of the average net asset value for each series of units of the Fund is reported in footnote *Maximum Chargeable Management Fee* on the Statements of Comprehensive Income. For Series O units, management fees are negotiated with and paid by, or as directed by, unitholders, or dealers and discretionary managers on behalf of unitholders.

The Manager may also charge to the Fund less than the maximum management fee noted in footnote *Maximum Chargeable Management Fee Rates* on the Statements of Comprehensive Income, resulting in the Manager waiving management fees. At its sole discretion, the Manager may stop waiving management fees at any time.

In some cases, the Manager may charge management fees to a Fund that are less than the management fees the Manager is entitled to charge in respect of certain investors in a Fund. The difference in the amount of the management fees will be paid out by the Fund to the applicable investors as a distribution of additional units of the Fund (Management Fee Distributions). Management Fee Distributions are negotiable between the Manager and the investor and are dependent primarily on the size of the investor's investment in the Fund. Management Fee Distributions paid to qualified investors do not adversely impact the Fund or any of the Fund's other investors. The Manager may increase or decrease the amount of Management Fee Distributions to certain investors from time to time.

The Manager pays the operating expenses of the Funds (other than Fund Costs) in respect of Series A, Series F, Series S and Series SM, which may include but is not limited to, operating and administrative costs; regulatory fees; audit, and legal fees and expenses; trustee, safekeeping, custodial, and any agency fees; and investor servicing costs and costs of unitholder reports, prospectuses, Fund Facts, and other reports, in exchange for the payment by the Funds of a fixed rate administration fee to the Manager with respect to those series of units (a *Fixed Administration Fee*). The Fixed Administration Fee will be equal to a specified percentage of the net asset value of the series units of the Funds, calculated and accrued daily and paid monthly. The Fixed Administration Fee charged for Series A, Series F, Series S and Series SM units of the Funds is reported in the footnote *Fixed Administration Fee* on the Statements of Comprehensive Income. For Series O, no Fixed Administration Fee will be charged. The Manager pays the Fund's operating expenses that are not Fund Costs allocated to Series O units of the Fund. The Fixed Administration Fee payable by the Fund, may, in any particular period, exceed or be lower than the expenses we incur in providing such services to the Funds.

In addition to the management fees and fixed administration fees, the Funds are responsible for Fund Costs which include, but are not limited to, all fees and expenses relating to the Independent Review Committee and expenses associated with borrowing and interest. Transaction costs which can include brokerage fees, spreads, commissions and all other securities transaction fees are also paid by the Funds.

The Manager may, in some cases, waive all or a portion of the Fixed Administration Fee paid by the Funds with respect to Series A, Series F, Series S and Series SM units of the Fund. The decision to waive or absorb some or all of the Fixed Administration Fee is at the Manager's discretion and may continue indefinitely or may be terminated at any time without notice to Unitholders. Operating expenses payable by the Manager or by the Funds as part of the Fund Costs may include services provided by the Manager or its affiliates.

Where a Fund invests in units of an Underlying Fund, the Fund does not pay duplicate management fees on the portion of its assets that it invests in units of the Underlying Fund. In addition, the Fund will not pay sales fees or redemption fees with respect to the purchase or redemption by it of units of the Underlying Fund. The Manager of the Underlying Funds may, in some cases, waive all or a portion of an Underlying Fund's management fee, if any, and/or absorb all or a portion of an Underlying Fund's operating expenses.

## 7. Income Taxes and Withholding Taxes

The CIBC Diversified Fixed Income Fund and CIBC Emerging Markets Local Currency Bond Fund qualify as mutual fund trusts under the *Income Tax Act* (Canada), and the CIBC Global Credit Fund is a unit trust. No income tax would be payable by the Funds on net income and/or net realized capital gains that are distributed to unitholders. In addition, for all Funds, except those that do not qualify as mutual fund trusts under the *Income Tax Act* (Canada) income taxes payable on undistributed net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. Sufficient net income and realized capital gains of the Funds have been, or will be, distributed to the unitholders such that no tax is payable by the Funds and, accordingly, no provision for income taxes has been made in the financial statements. Occasionally, a Fund may pay distributions in excess of the net income and net realized capital gains of the Fund. This excess distribution is called a return of capital and is non-taxable to the unitholder. However, a return of capital reduces the average cost of the unitholder's units for tax purposes, which may result in a capital gain to the unitholder to the extent the average cost becomes less than zero.

Non-capital losses are available to be carried forward for 20 years.

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Where applicable, a Fund's net capital and non-capital losses are reported in Canadian dollars in the footnote *Net Capital and Non-Capital Losses* on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

The Funds have a taxation year-end of December 15, except CIBC Global Credit Fund which has a taxation year-end of December 31.

The Funds currently 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 Income.

## 8. Brokerage Commissions and Fees

The total commissions paid by the Funds to brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of each Fund where applicable. In allocating brokerage business to a dealer, consideration may be given by the portfolio advisor or the portfolio sub-advisors of the Funds to the provision of goods and services by the dealer or a third-party, other than order execution (referred to in the industry as "soft dollar" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio advisor and portfolio sub-advisors with their investment decision-making services to the Funds or relate directly to the execution of portfolio transactions on behalf of the Funds. The total soft dollar payments paid by the Funds to brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of each Fund. In addition, the Manager may enter into commission recapture arrangements with certain dealers with respect to the Fund. Any commission recaptured will be paid to the applicable Fund.

Fixed income and certain other securities are transacted in an OTC market, where participants are dealing as principals. Such securities are generally traded on a net basis and do not normally involve brokerage commissions, but will typically include a "spread" (being the difference between the bid and the offer prices on the security of the applicable marketplace).

Spreads associated with fixed income securities trading and certain other securities are not ascertainable and, for that reason, are not included in the dollar amounts. In addition, the soft dollar amounts only include the value of research and other services supplied by a third-party to CIBC Asset Management Inc. (*CAMI* or the *Portfolio Advisor*) and any portfolio sub-advisors, as the value of the services supplied to the Portfolio Advisor and any portfolio sub-advisors by the dealer is not ascertainable. When these services benefit more than one Fund, the costs are allocated among the Funds based on transaction activity or some other fair basis as determined by the Portfolio Advisor and any portfolio sub-advisors.

## Notes to Financial Statements (unaudited)

### 9. Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Funds and receive the fees described below in connection with their roles and responsibilities. Management fees payable and other accrued expenses on the Statements of Financial Position are amounts generally payable to a related party of the Fund.

#### *Manager, Trustee, and Portfolio Advisor of the Funds*

CAMI, a wholly owned subsidiary of CIBC, is the Manager, trustee, and portfolio advisor of each of the Funds.

The Manager pays the operating expenses of the Funds (other than Fund Costs) in respect of Series A, Series F, Series S and Series SM units which may include but is not limited to, operating and administrative costs; regulatory fees; audit, and legal fees and expenses; trustee, safekeeping, custodial, and any agency fees; and investor servicing costs and costs of unitholder reports, prospectuses, Fund Facts, and other reports, in exchange for the payment by the Fund of a Fixed Administration Fee to the Manager with respect to those series of units. The dollar amount (including all applicable taxes) of the Fixed Administration Fee that the Manager receives from the Fund is reported on the Statements of Comprehensive Income as fixed administration fees.

#### *Brokerage Arrangements and Soft Dollars*

The portfolio advisor and portfolio sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, and the execution of portfolio transactions. Brokerage business may be allocated by the portfolio advisor or portfolio sub-advisors to CIBC World Markets Inc. and CIBC World Markets Corp., each a subsidiary of CIBC. The total commissions paid to related brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of each Fund.

Dealers, including CIBC World Markets Inc. and CIBC World Markets Corp., may furnish goods and services, other than order execution, to the portfolio advisor or portfolio sub-advisors, that process trades through them (referred to in the industry as "soft-dollar" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the Portfolio Advisor or portfolio sub-advisors with their investment decision-making services to the Funds or relate directly to executing portfolio transactions on behalf of the Funds. They are supplied by the dealer executing the trade or by a third party and paid for by that dealer. As per the terms of the portfolio advisory agreement and sub-advisory agreements, such soft dollar arrangements are in compliance with applicable laws. Custodial fees directly related to portfolio transactions incurred by a Fund, or a portion of a Fund, for which CAMI acts as advisor, shall be paid by CAMI and/or dealer(s) directed by CAMI. The total soft dollar payments paid by the Fund to related brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Comprehensive Income of each Fund.

#### *Custodian*

The Custodian holds cash and securities for the Funds and ensures that those assets are kept separate from any other cash or securities that the custodian might be holding. The Custodian also provides other services to the Funds, which could include record keeping and processing of foreign exchange transactions. CIBC Mellon Trust Company is the custodian of the Funds (the Custodian). CIBC owns a 50% interest in the Custodian.

#### *Service Provider*

CIBC Mellon Global Securities Services Company Inc. (CIBC GSS) provides certain services to the Funds, including fund accounting and reporting, and portfolio valuation. CIBC indirectly owns a 50% interest in CIBC GSS. The Manager receives fixed administration fee from the Funds, in return, the Manager pays certain operating expenses which includes custodial fees (including all applicable taxes) to CIBC Mellon Trust Company and the fees for fund accounting, reporting, and fund valuation (including all applicable taxes) to CIBC GSS.

The dollar amount paid by the Funds (including all applicable taxes) to CIBC GSS for securities lending for the six-month periods ended June 30, 2024 and 2023 is reported in footnote *Service Provider* on the Statements of Comprehensive Income.

### 10. Hedging

Certain foreign currency denominated positions have been hedged, or partially hedged, by forward foreign currency contracts as part of the investment strategies of certain Funds. These hedges are indicated by a hedging reference number on the Schedule of Investment Portfolio and a corresponding hedging reference number on the Schedule of Derivative Assets and Liabilities - Forward Foreign Currency Contracts for those Funds.

### 11. Collateral on Specified Derivatives

Short-term investments may be used as collateral for futures contracts outstanding with brokers.



CIBC ASSET  
MANAGEMENT

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