

Financial Statements of

**Chesswood Canadian Asset-Backed Credit Fund
LP**


For the period ended June 30, 2024 (Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by Waypoint Investment Partners Inc., in its capacity as the Manager of the Fund. The Fund's Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The material accounting policy information which the Manager believes are appropriate for the Fund are described in Note 3 to the unaudited interim financial statements.

On behalf of the Manager

:  _____
August 27, 2024

NOTICE TO UNITHOLDERS

The Auditors of the Fund have not reviewed these financial statements.

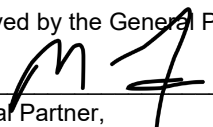
Waypoint Investment Partners Inc., the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

Chesswood Canadian Asset-Backed Credit Fund LP

Statement of Financial Position As at June 30, 2024 (Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ —	\$ 42,260
Investments owned, at fair value (note 2, 3 and 5)	28,660,712	12,938,041
Interest receivable	232,551	116,302
HST receivable	5,934	592,577
Expense reimbursement receivable (note 7)	78,000	—
Other receivables	950,983	859,807
	<u>29,928,180</u>	<u>14,548,987</u>
LIABILITIES		
Current liabilities		
Bank overdraft	207,001	—
Investments sold short, at fair value (note 2, 3 and 5)	4,598,095	—
Management fees payable (note 7)	64,197	66,099
Audit fees payable	52,308	22,541
Distribution payable	17,438	28,418
Redemptions payable (note 7)	44,509	—
Interest payable	15,763	—
HST payable (note 7)	371,202	—
Payments received in advance	58,763	—
Other payables	19,975	11,402
	<u>5,449,251</u>	<u>128,460</u>
Net assets attributable to holders of redeemable units	<u>\$ 24,478,929</u>	<u>\$ 14,420,527</u>
Net assets attributable to holders of redeemable units per class and series		
Class C	\$ 9,628,439	\$ —
Class F	<u>14,850,490</u>	<u>14,420,527</u>
	<u>\$ 24,478,929</u>	<u>\$ 14,420,527</u>
Number of redeemable units outstanding per class and series (note 6)		
Class C	981,130	—
Class F	1,517,207	1,481,811
Net assets attributable to holders of redeemable units per unit (note 8)		
Class C	\$ 9.81	\$ —
Class F	9.79	9.73

Approved by the General Partner on behalf of the Partnership:

: 
General Partner,
Chesswood Canadian ABS GP Inc.

Chesswood Canadian Asset-Backed Credit Fund LP

Statement of Comprehensive Income

For the period ended June 30, 2024 (Unaudited)

	2024	2023*
Income		
Loan interest income	\$ 1,582,142	\$ 624,129
Bank interest income	33,703	27,382
Net realized gain on sale of investments	297	—
Net change in unrealized depreciation in value of investments	(765,732)	(43,316)
	<u>850,410</u>	<u>608,195</u>
Expenses		
Origination fees (note 7)	252,051	365,726
Management fees (note 7)	121,886	77,867
Service fees (note 7)	108,166	44,194
Other expenses	37,617	3,121
Interest expense	18,691	—
Audit fees	18,496	11,241
Professional fees	7,684	2,810
Legal fees	2,825	2,811
Administration fees	—	94,920
Start-up costs	—	81,382
	<u>567,416</u>	<u>684,072</u>
Expense reimbursement (note 7)	(150,000)	(86,566)
	<u>417,416</u>	<u>597,506</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 432,994</u>	<u>\$ 10,689</u>
Increase (decrease) in net assets attributable to holders of redeemable units per class and series		
Class C	\$ (30,553)	\$ —
Class F	<u>463,547</u>	<u>10,689</u>
	<u>\$ 432,994</u>	<u>\$ 10,689</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit		
Class C	\$ (0.05)	\$ —
Class F	0.31	0.01

*For the period from January 2, 2023 (commencement of operations) to June 30, 2023

Chesswood Canadian Asset-Backed Credit Fund LP

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period ended June 30, 2024 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units	Reinvestment of distributions to holders of redeemable shares	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2024							
Class C	\$ —	\$ 9,703,500	\$ (44,508)	\$ (210,842)	\$ 210,842	\$ (30,553)	\$ 9,628,439
Class F	14,420,527	—	—	(387,553)	353,969	463,547	14,850,490
	<u>\$ 14,420,527</u>	<u>\$ 9,703,500</u>	<u>\$ (44,508)</u>	<u>\$ (598,395)</u>	<u>\$ 564,811</u>	<u>\$ 432,994</u>	<u>\$ 24,478,929</u>

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units	Reinvestment of distributions to holders of redeemable shares	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2023*							
Class F	\$ —	\$ 14,000,000	\$ —	\$ (382,114)	\$ 343,977	\$ 10,689	\$ 13,972,552
General Partner	—	100	—	—	—	—	100
	<u>\$ —</u>	<u>\$ 14,000,100</u>	<u>\$ —</u>	<u>\$ (382,114)</u>	<u>\$ 343,977</u>	<u>\$ 10,689</u>	<u>\$ 13,972,652</u>

*For the period from January 2, 2023 (commencement of operations) to June 30, 2023

Chesswood Canadian Asset-Backed Credit Fund LP

Statement of Cash Flows

For the period ended June 30, 2024 (Unaudited)

	2024	2023*
Cash provided by (used in):		
Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 432,994	\$ 10,689
Adjustments for non-cash items		
Net change in unrealized (appreciation) depreciation in value of investments	(14,513)	43,316
Change in non-cash balances		
Net increase in interest receivable	(116,249)	(100,368)
Net decrease (increase) in HST receivable	586,643	(534,688)
Net increase in expense reimbursement receivable	(78,000)	–
Net increase in other receivables	(91,176)	(1,977,486)
Net (decrease) increase in management fees payable	(1,902)	77,867
Net increase in administration fees payable	–	94,920
Net increase in audit fees payable	29,767	11,241
Net increase in interest payable	15,763	–
Net increase in HST payable	371,202	–
Net increase in payments received in advance	58,763	–
Net increase in other payables	8,573	621,690
Proceeds from sale of investments	4,555,118	–
Advances of investments, net of repayments	(15,665,180)	(12,203,323)
Cash used in operating activities	(9,908,197)	(13,956,142)
Financing Activities		
Proceeds from issuance of redeemable units	9,703,500	14,000,100
Distributions to holders of redeemable units	(609,375)	(358,863)
Reinvestment of distribution	564,811	343,977
Cash provided by financing activities	9,658,936	13,985,214
(Decrease) increase in cash during the period	(249,261)	29,072
Cash, beginning of period	42,260	–
Cash, end of period	\$ (207,001)	\$ 29,072
Supplemental information**		
Interest paid	\$ 2,928	\$ –
Interest received	22,334	523,761

*For the period from January 2, 2023 (commencement of operations) to June 30, 2023

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

Chesswood Canadian Asset-Backed Credit Fund LP

Schedule of Investment Portfolio

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian fixed income				
1,000,000	Allied Properties Real Estate Investment Trust 3.636% 21APR25	\$ 980,360	\$ 983,080	4.02
1,000,000	Bank of Montreal 4.309% 01JUN27	986,080	993,750	4.06
2,000,000	Canadian Treasury Bill 0% 05DEC24	1,947,500	1,960,420	8.01
2,000,000	Canadian Treasury Bill 0% 27MAR25	1,921,240	1,935,220	7.91
1,000,000	Enbridge Inc. 3.20% 08JUN27	955,250	963,130	3.93
1,000,000	Gibson Energy Inc. 2.45% 14JUL25	969,910	975,370	3.98
1,000,000	Rogers Communications Inc. 5.65% 21SEP26	1,014,700	1,018,700	4.16
1,000,000	Sienna Senior Living Inc. 3.109% 04NOV24	988,820	991,680	4.05
		<u>9,763,860</u>	<u>9,821,350</u>	<u>40.12</u>
	Total investments owned	9,763,860	9,821,350	40.12
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian fixed income				
(910,000)	Canadian Government Bond 0.50% 01SEP25	\$ (864,773)	\$ (872,144)	(3.56)
(1,000,000)	Canadian Government Bond 1% 01JUN27	(917,650)	(929,360)	(3.80)
(1,100,000)	Canadian Government Bond 1% 01SEP26	(1,025,255)	(1,036,200)	(4.23)
(900,000)	Canadian Government Bond 2.25% 01JUN25	(879,660)	(883,287)	(3.61)
(900,000)	Canadian Government Bond 2.75% 01SEP27	(867,780)	(877,104)	(3.58)
		<u>(4,555,118)</u>	<u>(4,598,095)</u>	<u>(18.78)</u>
	Total investments sold short	(4,555,118)	(4,598,095)	(18.78)
	Net investments owned	<u>\$ 5,208,742</u>	5,223,255	21.34
	Other assets, net		<u>19,255,674</u>	<u>78.66</u>
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 24,478,929</u>	<u>100.00</u>

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

Chesswood Canadian Asset-Backed Credit Fund LP (the “Partnership”) is a limited partnership formed and organized under the laws of the Province of Ontario pursuant to a Limited Partnership Agreement dated September 20, 2022, and amended from time to time. The Partnership commenced operations on January 2, 2023. The address of the Partnership’s registered office is 1133 Yonge Street, Suite 603, Toronto, Ontario, M4T 2Y7.

Chesswood Canadian ABS GP Inc. (the “General Partner”), a corporation incorporated under the laws of Ontario, is the general partner of the Partnership. The General Partner is responsible for the day-to-day business and affairs of the Partnership and for approving and monitoring the Partnership’s various service providers, including the manager. The General Partner has engaged Waypoint Investment Partners Inc., (the “Manager”) a corporation incorporated under the laws of Ontario, as the manager of the Partnership to direct the affairs of the Partnership, provide day-to-day management services to the Partnership, manage the Partnership’s portfolio on a discretionary basis and distribute the units of the Partnership.

The investment objective of the Partnership is to provide investors with an attractive risk-adjusted return with minimal volatility primarily by acquiring a diversified portfolio of Canadian-based equipment and property subject to commercial or consumer leases, and commercial and consumer loans, and related rights and/or by investing in structures that provide exposure to equipment and consumer financing credit.

The Partnership will acquire the leases, loans and related rights from related party and third-party originators (the “Originators”). The Originators will manage, service, administer, enforce and make collections on the leases, loans and related rights held by the Partnership pursuant to separate servicing agreements. The Originators will receive service fees from the Partnership for these services.

The financial statements were approved for issuance by the General Partner on August 27, 2024.

1. BASIS OF PRESENTATION

(a) Statement of compliance:

These interim financial statements have been prepared in compliance with IFRS Accounting Standards applicable to the preparation of financial statements and International Accounting Standard 34, Interim Financial Reporting as published by the International Accounting Standard Board (“IASB”).

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (“FVTPL”), which are presented at fair value in accordance with IFRS. While the fair value of the lease and loan investments and other portfolio investments used for financial reporting is consistent with the fair value of such investments used for unitholder transactions, there are differences in the treatment of start-up costs and origination fees under IFRS that create differences in the Partnership’s published Net Asset Value (“NAV”) and the NAV for financial reporting purposes. See note 8 for details of these differences and their impact on the Net Asset Value per Unit (“NAVPU”).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below.

(a) Functional currency:

The functional and presentation currency of the Partnership is the Canadian dollar (“CAD”) and the interim financial statements are presented in CAD.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Use of estimates and assumptions:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates (refer to note 3).

(c) Financial assets and financial liabilities:

(i) Classification

Financial Instruments IFRS 9 ("IFRS 9") requires financial assets to be classified as amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Partnership classifies its investments as financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

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

All other financial assets and financial liabilities are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate, minus any reduction for impairment. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

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

(ii) Recognition/Derecognition

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Partnership recognizes financial assets and financial liabilities at FVTPL on the trade date - the date it commits to purchase or sell short the instruments. Other financial assets and liabilities are recognized at fair value, including transaction costs, on the date on which they are originated. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

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

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(iii) Valuation

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

The process of valuing investments for which no published market exists will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. Determination of fair value will take into consideration a variety of factors including, but not limited to, the term to maturity of the loan or lease, the market interest rate of similar loans or leases, the value of any participation rights, whether the investment has a fixed or floating rate, any known impairment, the creditworthiness and status of a borrower, including its payment history and the value of any property securing the loans or leases, overall economic conditions and other conditions specific to the underlying holdings.

The Partnership's strategy and objective of their investments is to provide borrowers a short-term source of funding for their various operational needs wherein the Partnership is able to collect payments of principal and interest.

(d) Investment transactions and income recognition:

Investment transactions in lease and loan investments are accounted for on the effective date of the transfer of the Investments from the Originator to the Partnership. Investment transactions in other investment instruments are accounted for on the business day following the date the order to buy or sell is executed, with the exception of short-term investments, which are accounted for on the date the order to buy or sell is executed.

Interest income for distribution purposes from lease and loan investments is recognized in the Statement of Comprehensive Income within loan interest income when the Partnership's right to receive payments is established. Amounts not yet received are included in the Statement of Financial Position in interest receivable.

(e) Redeemable units and net assets attributable to holders of redeemable units:

The Partnership currently issues two classes of redeemable units, which are redeemable quarterly at the holder's option.

The net asset value ("NAV") attributable to holders of redeemable units per unit of a class of the Partnership is based on the carrying value of the proportionate share of the assets and liabilities of the Partnership common to all classes, less any liabilities of the Partnership attributable only to that class, divided by the total outstanding units of that class. Income and non-class specific expenses are allocated to each class of the Partnership based on the pro-rata share of net assets attributable to holders of redeemable units of the Partnership. Expenses directly attributable to a class or series are charged directly to that class or series.

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase in net assets attributable to holders of redeemable units of each class by the weighted average number of units outstanding during the period for each class, and is presented in the Statement of Comprehensive Income.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) *Redeemable units and net assets attributable to holders of redeemable units (continued):*

The Partnership's redeemable units are classified as financial liabilities on the Statement of Financial Position, since the Partnership's units do not meet the criteria in IAS 32, *Financial Instruments: Presentation* ("IAS 32") for classification as equity.

(f) *Income taxes:*

These financial statements represent the assets and liabilities of the Partnership and do not include the other assets, liabilities, revenue and expenses of the partners. No provision has been made for income taxes, which are the responsibility of each individual partner. A proportionate share of profit for the year will be allocated to each partner in accordance with each partner's interest and duration in the Partnership.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these financial statements, management has made judgements and estimates that affect the application of the Partnership's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the Partnership, the Manager is required to make significant judgments about whether or not the business of the Partnership is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Partnership's investments are classified as FVTPL, per IFRS 9.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in note 4.

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Partnership is exposed to risks that are associated with the investment strategies, financial instruments and markets in which it invests. The extent of risk is largely contingent upon its investment policy and guidelines as stated in the offering documents, and the management of such risks is contingent upon the qualification and diligence of the General Partner and Manager.

Significant risks that are relevant to the Partnership, as well as the different methods to measure and manage the various types of risk to which it is exposed, are discussed below.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(i) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Partnership.

The investments of the Partnership will expose the Partnership to the credit risk of the borrower or counterparty, as applicable, including the risk of default by the borrower or counterparty, as applicable, on the interest, principal and other payment amounts owing on the loans, leases or other investment instruments.

Although the Manager and the Originators will seek to moderate risk through the careful selection of investments within the parameters of the investment strategy, and lease and loan investments will generally be secured by specific collateral, there can be no assurance the liquidation of such collateral would satisfy a borrower's obligation in the event of default or that such collateral could be readily liquidated under such circumstances. In the event of bankruptcy of a borrower, delays or limitations could be experienced with respect to the ability to realize the benefits of any collateral securing a loan or lease.

The maximum credit risk of lease and loan investments is limited to the carrying amount of these investments. As at June 30, 2024, 76.96% (December 31, 2023 - 89.72%) of the net assets of the Partnership was investment in lease and loan assets.

Where the Partnership invests in debt instruments and derivatives, this represents another significant concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer. As at June 30, 2024, 21.34% (December 31, 2023 – nil%) of the net assets of the Partnership was invested in debt instruments.

The following table is a summary of the Fund's debt instruments by credit rating, as at June 30, 2024:

Debt instruments by credit rating	% of NAV June 30, 2024
AAA rated	(2.87)
A+ rated	4.06
BBB+ rated	3.93
BBB rated	4.05
BBB- rated	8.15
BB+ rated	4.02

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(ii) Market risk (continued)

a) Currency risk

Currency risk is the risk that arises from the change in price of one currency against another. The Partnership may hold investments or issue redeemable units that are that are denominated in currencies other than CAD.

These investments are converted to the Partnership's functional currency (CAD) in determining fair value, and fair values are subject to fluctuations relative to the strengthening or weakening of the functional currency. The Partnership may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

As at June 30, 2024, and December 31, 2023, all of the Partnership's assets and liabilities were denominated in CAD, as such, the Partnership is not exposed to currency risk.

b) Interest rate risk

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

The Partnership is exposed to interest rate risk on its Investments.

If prevailing levels of market interest rates changed by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the impact to net assets attributable to holders of redeemable units would be \$340,706 (December 31, 2023 - \$262,944). As well, there can be no assurance that the yields on the lease and loan investments currently invested in by the Originators will be representative of yields to be obtained on future investments of the Partnership.

As at June 30, 2024, the loan and lease investments had maturity dates ranging from 1 month to 83 months (December 31, 2023 - 1 month to 84 months).

As at June 30, 2024, the Partnership's exposure to debt instruments by maturity, is as follows:

June 30, 2024

Debt instruments by maturity date

less than 1 year	\$	4,987,113
1 - 3 years		1,113,246
3 - 5 years		(877,104)
Total		5,223,255

As at December 31, 2023, the Partnerships did not invest in debt instruments.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iii) Leverage risk

Leverage risk is the risk of potential loss arising from devaluations of the assets against which funds were borrowed.

The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. The use of leverage increases the risk to the Partnership and subjects the Partnership to higher current expenses. In particular, if the Partnership's portfolio value drops to the loan value or less, Limited Partners could sustain a total loss of their investment.

In addition, leverage may increase volatility, may impair the Partnership's liquidity and may cause the Partnership to liquidate positions at unfavourable times.

During the period ended June 30, 2024, the Partnership's lowest and highest aggregate gross exposure was 0.0% and 19.2% of the Partnership's NAV respectively. The primary source of leverage was short positions in fixed income securities. The low and high end of the range are as a result of Partnership's investing activities, and timing of subscriptions and/or redemptions.

The Manager monitors, on a daily basis, that the Partnership's aggregate gross exposure is in accordance with the Partnership's strategy stipulated in the Limited Partnership Agreement.

As at December 31, 2023, the Partnership was not exposed to significant leverage risk.

(iv) Concentration risk

Concentration risk arises as a result of the concentration of financial instrument exposures within the same category, whether it is geographic region, asset type or industry sector. The table below summarizes the Partnership's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2024, and December 31, 2023.

Concentration by Province	Percentage of net assets attributable to holders of redeemable units	
	June 30, 2024	
Finance Receivables		
Alberta	4,388,434	17.93
British Columbia	2,569,564	10.50
Canadian bonds	5,223,255	21.34
Manitoba	1,009,730	4.12
New Brunswick	428,723	1.75
New Foundland	317,856	1.30
Northwest Terretories	3,095	0.01
Nova Scotia	945,067	3.86
Ontario	7,565,446	30.91
Prince Edward Island	11,545	0.05
Quebec	530,688	2.17
Saskatchewan	1,069,214	4.37
Total	24,062,617	98.30
Other Assets and Liabilities	416,312	1.70
Net assets attributable to holders of redeemable units	24,478,929	100.00

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iv) Concentration risk (continued)

Concentration by Province	December 31, 2023	Percentage of net assets attributable to holders of redeemable units
Finance Receivables		
Alberta	2,953,922	20.48
British Columbia	1,396,009	9.68
Manitoba	786,321	5.45
New Brunswick	299,040	2.07
New Foundland	195,376	1.35
Northwest Territories	1,430	0.01
Nova Scotia	759,037	5.26
Ontario	5,647,819	39.17
Prince Edward Island	13,055	0.09
Quebec	408,016	2.83
Saskatchewan	478,016	3.31
Total	12,938,041	89.72
Other Assets and Liabilities	1,482,486	10.28
Net assets attributable to holders of redeemable units	14,420,527	100.00

5. CLASSIFICATION OF FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

When measuring the fair value of an asset or liability, the Partnership uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Partnership's investments fall as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Assets				
Investments	\$ –	\$ –	18,839,362	\$ 18,839,362
Fixed Income	–	9,821,350	–	9,821,350
	\$ –	\$ 9,821,350	\$ 18,839,362	\$ 28,660,712
Liabilities				
Fixed Income	\$ –	\$ 4,598,095	\$ –	\$ 4,598,095
	\$ –	\$ 4,598,095	\$ –	\$ 4,598,095

As at December 31, 2023, all of the Partnership's Investments are classified at Level 3.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

5. CLASSIFICATION OF FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT (CONTINUED)

There were no significant transfers between the levels during the period ended June 30, 2024, and December 31, 2023.

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

		Total
Beginning Balance, January 01, 2024	\$	12,938,041
Advances of investments, net of repayments		5,901,321
Ending Balance, June 30, 2024	\$	18,839,362

		Total
Beginning Balance, January 01, 2023	\$	–
Advances of investments, net of repayments		12,938,041
Ending Balance, December 31, 2023	\$	12,938,041

The table below sets out information about significant unobservable inputs used in measuring financial categorized as Level 3 in the fair value hierarchy:

Description	Fair value at June 30, 2024	Fair value at December 31, 2023	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Lease and loan investments	\$18,839,362	\$ 12,938,041	Discount cash flow adjusted by credit spread	Credit Spread	The estimated FV of the finance receivables would decrease (increase) if the credit spread increases (decreases)

6. PARTNERS' CAPITAL AND REDEEMABLE UNITS

The Partnership is authorized to issue an unlimited number of classes and series of units and an unlimited number of units in each class or series. Currently, two classes of units are being offered. The offering is restricted to accredited investors, which generally includes individuals who have net financial assets of at least \$1,000,000, or personal income of at least \$200,000, or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of same in the current year). The following persons and entities may not invest in this Partnership:

- (a) a “non-resident,” a partnership other than a “Canadian partnership,” a “tax shelter,” a “tax shelter investment,” or any entity an interest in which is a “tax shelter investment” or in which a “tax shelter investment” has an interest, within the meaning of the Tax Act; and
- (b) a partnership that does not have a prohibition against investment by the foregoing persons.

Class F Units are available to all investors who meet the minimum investment criteria and who purchase Units either directly from the Manager as dealer, through a fee-based account with their own dealer or otherwise as approved by the Manager. No trailing commission is payable with respect to Class F Units.

Class A Units are available to all investors who meet the minimum investment criteria. Trailing commission is payable with respect to Class A Units.

Class C Units are issued at the Manager’s discretion to investors who meet the minimum investment criteria and who purchase Units directly from the Manager.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

6. PARTNERS' CAPITAL AND REDEEMABLE UNITS (CONTINUED)

The minimum initial investment is \$250,000, which may be reduced to a lesser amount in the discretion of the Manager at any time. Each subsequent investment must be not less than \$100,000 or such lesser amount as the Manager may permit. The above minimums are exclusive of any commissions paid directly by an investor to his, her or its dealer.

Subscriptions will be processed on the last business day of each month and such other days as the Manager may permit (each a "Subscription Date"). The acceptance of a subscription is subject to the Manager's discretion to refuse the subscription in whole or in part. A fully completed Subscription Agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 4:00 p.m. (Toronto time) on the business day prior to a Subscription Date in order for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date.

The Partnership will conduct monthly repurchase offers of units (which are effectively similar to redemptions) as of the last business day of each month (a "Repurchase Pricing Date") at their net asset value on repurchase pricing price. Repurchase offers on any Repurchase Pricing Date will be subject to a limit of 2% of the Partnership's net asset value (the "Repurchase Limit"). Limited Partners wishing to tender their Units to a repurchase offer must deliver a repurchase tender form in the form determined by the Manager to the Partnership by no later than the first business day of the calendar month preceding a Repurchase Pricing Date. If a Class A or Class F Unit is tendered for repurchase within one year of its purchase, there shall be deducted from repurchase proceeds otherwise payable, and retained by the Partnership, an amount equal to 5% of the net asset value of such Unit (the "Early Repurchase Deduction"). Class C Units are not subject to the Early Repurchase Deduction. However, units of the pooled investment vehicles that hold Class C Units may be subject to a similar early repurchase or redemption deduction.

The repurchase price shall equal the Net Asset Value per Unit, determined as of the close of business on the relevant Repurchase Pricing Date, less applicable deductions. The Partnership will pay repurchase proceeds to Limited Partners no later than 30 days the following the Repurchase Pricing Date.

During the period ended June 30, 2024, and period from January 2, 2023, (commencement of operations) to June 30, 2023, the number of units issued and outstanding was as follows:

	Units, beginning of period	Issuance of units	Redemption of units	Distribution reinvestment	Units, end of period
June 30, 2024					
Class C	–	964,542	(4,439)	21,027	981,130
Class F	1,481,811	–	–	35,396	1,517,207
June 30, 2023					
Class F	–	1,393,908	–	34,261	1,428,169

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

7. RELATED PARTY TRANSACTIONS

Management Fees

The Manager is entitled to receive a monthly management fee (the "Management Fee"), on the last business day of each month in an amount that is equal to 1/12 of 2.5% of the Net Asset Value of the Class A Units and 1.5% of the Net Asset Value of the Class F Units on such date (in each case determined before deduction of any repurchase deductions, if any, allocable to such Units). No management fees is payable in respect of the Class C units. Management Fees payable by the Partnership to the Manager are subject to HST and will be deducted as an expense of the Partnership in the calculation of the Net Asset Value of the Partnership.

For the period ended June 30, 2024, the Partnership incurred management fees of \$121,886 (period from January 2, 2023, (commencement of operations) to June 30, 2023 - \$77,867) of which \$64,197 was payable to the Manager at June 30, 2024 (December 31, 2023 - \$66,099).

Expenses

The Partnership is responsible for all costs and operating expenses, and the General Partner and the Manager are entitled to reimbursement from the Partnership for all costs and operating expenses actually incurred by them in connection with the formation and organization of the General Partner and the Partnership and the ongoing activities of the Partnership. The Manager may choose to absorb some of the Partnership's expenses from time to time. For the period ended June 30, 2024, such costs amounted to \$150,000 (period from January 2, 2023, (commencement of operations) to June 30, 2023 - \$86,566), of which \$78,000 was receivable from the manager at June 30, 2024 (December 31, 2023 - \$nil).

As at June 30, 2024, the Partnership had a payable of \$nil (December 31, 2023 - \$nil), which was to the Manager for start-up cost of \$nil (period from January 2, 2023, (commencement of operations) to June 30, 2023 - \$81,382) on behalf of the Partnership.

As at June 30, 2024, the Partnership had a payable of \$371,202 (December 31, 2023 - \$nil), to the Originator for GST/HST that it collected as a result of the sale of assets between Originator and Partnership. This amount is recoverable from the CRA.

During the period, the Chesswood Canadian Asset-Backed Credit Fund Trust (the "Trust"), a fund managed by the Manager that invests in the Partnership, redeemed 4,439 of its units in order to pay the Trust's operating costs. There was \$44,509 payable to the Trust as of June 30, 2024. (December 31, 2023 - \$nil)

The Originators will manage, service, administer, enforce and make collections on, the lease and loan investments held by the Partnership. The Originators will receive service fees from the Partnership for services provided. During the period ended June 30, 2024, the Partnership incurred origination fees of \$252,051 (period from January 2, 2023, (commencement of operations) to June 30, 2023 - \$365,726) and service fees of \$108,166 (period from January 2, 2023, (commencement of operations) to June 30, 2023 - \$44,194).

Related Party Shareholdings

As at June 30, 2024, 6.35% of Class C and F units were held by entities or individuals related to the Partnership or General Partner, certain officers and directors of the Manager, or persons or entities related to such individuals.

Chesswood Canadian Asset-Backed Credit Fund LP

Notes to the Financial Statements

For the period ended June 30, 2024 (Unaudited)

8. INITIAL ORGANIZATIONAL COST AND ORIGINATION FEES

The Partnership is responsible for the costs of the initial organization of the Partnership and the offering of units, including, without limitation, fees and expenses of legal counsel and other service providers. Such expenses will be amortized over the first five years of the Fund's existence when calculating the NAV of the Partnership for the purpose of subscriptions and repurchases. IFRS does not permit the amortization of such expenses and, as such, such amortization will cause a difference between the Fund's published NAV and NAV for financial statement reporting purposes.

As at June 30, 2024, and December 31, 2023, differences between the published NAV and NAV for Financial Statements were as follows:

	Net Asset Value Per Unit (Trading)	Unamortized Origination Fees Adjustment Per Unit	Unamortized Offering Cost Adjustment Per Unit	Net Assets Per Unit (IFRS)
June 30, 2024				
Class C	\$ 10.03	\$ (0.19)	\$ (0.03)	9.81
Class F	10.00	(0.19)	(0.02)	9.79
December 31, 2023				
Class F	\$ 10.01	\$ (0.23)	\$ (0.05)	9.73

9. COMPARATIVE FINANCIAL INFORMATION

Where applicable, certain comparative figures in the financial statements have been reclassified in order to conform to the presentation of current period financial statements.