

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 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	<u>(9,908,197)</u>	<u>(13,956,142)</u>
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	<u>9,658,936</u>	<u>13,985,214</u>
(Decrease) increase in cash during the period	(249,261)	29,072
Cash, beginning of period	42,260	–
Cash, end of period	<u>\$ (207,001)</u>	<u>\$ 29,072</u>
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
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 “Manger”) 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 form 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 POLICIY 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.

