Financial Statements of

McELVAINE VALUE FUND

(Formerly The McElvaine Investment Trust)

And Independent Auditor's Report thereon

Years ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of McElvaine Value Fund:

Opinion

We have audited the accompanying financial statements of McElvaine Value Fund (formerly The McElvaine Investment Trust) (the Fund), which comprise:

- the statements of financial position as at December 31, 2021 and 2020
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"**Auditors' Responsibilities for the Audit of the Financial Statements**"* section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

The Manager is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of The Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 30, 2022

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)
Statements of Financial Position
As at December 31, 2021 and 2020

	Note	2021	2020
Assets			
Cash		$ 3,340,122	$ 3,288,100
Interest and dividends receivable		9,000	7,781
Investments		23,411,435	26,962,180
Derivatives		37,000	42,000
		$ 26,797,557	**$ 30,300,061**
Liabilities			
Due to broker		112,500	-
Accrued liabilities		183,322	57,177
		$ 295,822	**$ 57,177**
Net assets attributable to holders of redeemable units		**$ 26,501,735**	**$ 30,242,884**
Represented by:			
Series A		$ 12,053	$ -
Series B		20,597,791	27,374,012
Series D		181,465	51,272
Series F		2,292,068	1,341,033
Series G		1,801,700	1,476,567
Series U		1,616,658	-
		$ 26,501,735	**$ 30,242,884**
Net assets attributable to holders of redeemable units per units:			
Series A		$ 12.05	$ -
Series B		7.69	5.47
Series D		14.78	11.00
Series F		14.35	10.67
Series G		15.75	11.55
Series U (US $10.63)		13.47	-

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

Approved on behalf of the Investment Manager,
McElvaine Investment Management Ltd.

Tim McElvaine

Tim McElvaine, Director

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)
Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020

	Note	2021	2020
Revenue:			
Dividend income		$ 369,703	$ 281,906
Interest income		-	8,793
Net foreign currency (loss) gain		(61,570)	14,667
Changes in fair value of investments and derivatives:			
Net realized gain		8,426,804	34,962
Net change in unrealized appreciation		3,587,892	1,979,621
Total Revenue		**12,322,829**	**2,319,949**
Expenses:			
Management fees (including HST/GST)	**4**	$ 331,654	$ 262,418
Performance fees	**4**	202,595	-
Commissions and other portfolio transaction costs		115,281	80,153
Legal fees		77,597	71,488
Audit and tax fees		59,995	51,655
Investment committee fees and expenses		42,025	41,957
Unitholder recordkeeping, valuations and other		34,012	21,889
Fundserv fees		31,977	30,453
Regulatory fees		22,595	12,510
Custodial fees		13,559	29,334
Withholding taxes	**5**	13,316	13,463
Trustee fees		3,600	3,600
Other operating expenses		2,359	2,381
Total operating expenses		**950,565**	**621,301**
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		**$ 11,372,264**	**$ 1,698,648**
Increase in net assets attributable to holders of redeemable units from operations		**$ 11,372,264**	**$ 1,698,648**

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

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)
Statements of Comprehensive Income (continued)
For the years ended December 31, 2021 and 2020

	Note	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units, from operations:			
Series A		$ 2,053	$ -
Series B		10,177,581	1,503,001
Series C		-	(1,842)
Series D		43,956	6,270
Series D - February 2020		-	(483)
Series D - March 2020		-	(45)
Series D - June 2020		-	164
Series D - July 2020		-	54
Series F		535,740	223,981
Series F - January 2020		-	(103,913)
Series F - February 2020		-	(28,477)
Series F - April 2020		-	127
Series F - July 2020		-	138
Series G		525,133	99,673
Series U		87,801	-
		11,372,264	**1,698,648**
Increase (decrease) in net assets attributable to holders of redeemable units per unit before distributions:			
Series A		$ 2.05	$ -
Series B		2.34	0.30
Series C		-	(0.58)
Series D		3.76	3.80
Series D - March 2020		-	(0.45)
Series F		3.61	1.75
Series F - January 2020		-	(1.12)
Series G		4.22	0.78
Series U		0.73	-

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

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)

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

For the years ended December 31, 2021 and 2020

2021

Series	Net assets attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Unit Transactions				Net assets attributable to holders of redeemable units, end of year
			Proceeds from redeemable units issued	Redemption of redeemable units	Transfer in/ Transfer out	Redesignation of redeemable units	
Series A	$ -	$ 2,053	$ 10,000	$ -	$ -	$ -	$ 12,053
Series B	27,374,012	10,177,581	6,285,054	(23,238,856)	-	-	20,597,791
Series D	51,272	43,956	88,836	(2,599)	-	-	181,465
Series F	1,341,033	535,740	481,736	(66,441)	-	-	2,292,068
Series G	1,476,567	525,133	-	(200,000)	-	-	1,801,700
Series U	-	87,801	1,528,857	-	-	-	1,616,658
Total	**$ 30,242,884**	**$ 11,372,264**	**$ 8,394,483**	**$ (23,507,896)**	**$ -**	**$ -**	**$ 26,501,735**

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

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the years ended December 31, 2021 and 2020

2020

Series	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Unit Transactions: Proceeds from redeemable units issued	Unit Transactions: Redemption of redeemable units	Unit Transactions: Transfer In/ Transfer Out	Unit Transactions: Redesignation of redeemable units	Net assets attributable to holders of redeemable units, end of year
Series B	$ 26,815,790	$ 1,503,001	$ 34,050	$ (980,978)	$ 2,149	$ -	$ 27,374,012
Series C	18,588	(1,842)	-	(14,597)	(2,149)	-	-
Series D	-	6,270	35,267	-	-	9,735	51,272
Series D - February 2020	-	(483)	6,000	-	-	(5,517)	-
Series D - March 2020	-	(45)	1,000	(955)	-	-	-
Series D - June 2020	-	164	3,000	-	-	(3,164)	-
Series D - July 2020	-	54	1,000	-	-	(1,054)	-
Series F	-	223,981	710	(32,242)	-	1,148,584	1,341,033
Series F - January 2020	-	(103,913)	935,000	(14,095)	-	(816,992)	-
Series F - February 2020	-	(28,477)	306,400	-	47,265	(325,188)	-
Series F - April 2020	-	127	530	-	-	(657)	-
Series F - July 2020	-	138	2,533	-	-	(2,671)	-
Series F - August 2020	-	-	3,076	-	-	(3,076)	-
Series G	1,448,336	99,673	-	(24,177)	(47,265)	-	1,476,567
Total	**$ 28,282,714**	**$ 1,698,648**	**$ 1,328,566**	**$ (1,067,044)**	**$ -**	**$ -**	**$ 30,242,884**

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

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

	Note	2021	2020
Cash (used in) provided by:			
Operating activities:			
Increase in net assets attributable to holders of redeemable units from operations		$ 11,372,264	$ 1,698,648
Adjustments for:			
Interest income		-	(8,793)
Dividend income		(369,703)	(281,906)
Withholding taxes		13,316	13,463
Net foreign currency loss (gain)		61,570	(14,667)
Net realized gain on investments and derivatives		(8,426,804)	(34,962)
Net change in unrealized appreciation on investments and derivatives		(3,587,892)	(1,979,621)
Purchase of investments		(9,040,722)	(14,000,453)
Proceeds from sale of investments		24,611,163	12,981,160
Net decrease in prepaid expenses		-	5,244
Net increase in due to broker		112,500	-
Net increase (decrease) in accrued liabilities		126,145	(11,473)
		14,871,837	**(1,633,360)**
Withholding taxes paid		(13,316)	(13,463)
Interest received		-	8,793
Dividends received		368,484	287,802
		15,227,005	**(1,350,228)**
Financing activities:			
Proceeds from issuance of redeemable units		8,394,483	1,328,566
Payments on redemption of redeemable units		(23,507,896)	(1,067,044)
		(15,113,413)	**261,522**
Net increase (decrease) in cash		113,592	(1,088,706)
Cash, beginning of the year		3,288,100	4,362,139
Effect of exchange rate fluctuations on cash		(61,570)	14,667
Cash, end of the year		**$ 3,340,122**	**$ 3,288,100**

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

MCELVAINE VALUE FUND

(formerly The McElvaine Investment Trust)

Schedule of Investments

December 31, 2021

	Number of shares / par value	Cost	Fair Value
Canadian - Equities:			
Deans Knight Income Corp.	44,800	$ 4,928	$ -
Dynamic Technologies Group Inc.	2,500,000	927,891	750,000
Glacier Media Inc.	4,500,000	5,622,259	1,755,000
Knight Therapeutics Inc.	350,000	2,264,120	1,855,000
Maxim Power Corp.	1,000,000	2,567,416	3,970,000
PrairieSky Royalty Ltd.	100,000	797,229	1,363,000
Tourmaline Oil Corp.	45,000	596,923	1,837,800
Unisync Corp.	250,000	633,005	822,500
Wintaai Holdings Ltd.	100,000	1,845,000	3,418,000
Total Canadian equities		**15,258,771**	**15,771,300**
United States - Equities			
EXCO Resources Inc.	200,000	2,467,067	1,391,988
Jefferies Financial Group	50,000	1,102,354	2,459,432
Pershing Square Tontine Holdings Ltd.	70,000	1,747,999	1,750,000
Total United States equities		**5,317,420**	**5,601,420**
Foreign - Equities			
CK Hutchinson Holdings Ltd.	250,000	2,064,491	2,038,715
Total Foreign equities		**2,064,491**	**2,038,715**
Total Investment Portfolio		**$ 22,640,682**	**$ 23,411,435**
Canadian - Warrants			
Sagicor Financial Company Ltd., Warrants	200,000	95,251	37,000
Total Canadian warrants	200,000	95,251	37,000
Total Investments and Derivatives		**$ 22,735,933**	**$ 23,448,435**
Other Net Assets			3,053,300
Total Net Assets			**$ 26,501,735**

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

1. Reporting entity:

The reporting entity, formerly McElvaine Investment Trust, name changed to McElvaine Value Fund (the "Fund") on July 27, 2021. The Fund is governed by the laws of British Columbia, which was formed pursuant to a Declaration of Fund dated September 27, 1996, amended May 15, 2002, January 1, 2008, April 23, 2012, June 30, 2019 (collectively, the "Fund Agreement"), between McElvaine Investment Management Ltd. and the Fund.

McElvaine Investment Management Ltd. acts as trustee of the Fund. The Fund is also managed by McElvaine Investment Management Ltd. (the "Manager"), which also provides investment counseling services. The head office of the Fund is located Suite 301, 1321 Blanshard Street, Victoria, British Columbia.

The Fund is an open-ended investment Fund with a fundamental investment objective to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Manager on March 30, 2022.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of 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 in the period in which the estimates are revised and in any future period affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in note 9 and relates to the determination of fair value of investments with unobservable inputs.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(*i*) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(*i*) Recognition and measurement (continued):

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Fund has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities, The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(*ii*) Fair value through profit and loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Fund's derivative financial assets and derivative financial liabilities and investments in securities are classified as FVTPL.

Fair value is 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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses 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 point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(*iii*) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash, interest and dividends receivable and accrued liabilities as amortized cost.

(b) Redeemable units:

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities at FVTPL and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

(c) Net assets attributable to holders of redeemable units per unit:

The net assets of a particular series of units is computed by calculating the value of that series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged directly to that series. Income, realized and unrealized gains and losses from investment transactions and other expenses are allocated proportionately to each series based upon the relative net asset value of each series.

(d) Income recognition:

Interest income shown on the statement of comprehensive income represents interest received by the Fund accounted for on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(e) Foreign exchange:

The financial statements of the Fund are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

3. Significant accounting policies (continued):

(f) Income taxes:

The Fund qualifies as a unit Fund under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

4. Related party transactions:

Management fees:

The Fund pays a monthly fee to the Manager for management and administration services rendered, based on the net asset value ("NAV") of the respective series (prior to the calculation of any performance incentive fees, described below, on the last business day of the preceding month). The monthly fee payable to the Manager is based upon the following rates:

Series A	1/12 of 1.60% per annum
Series B	1/12 of 1.00% per annum
Series D	1/12 of 0.85% per annum
Series F	1/12 of 0.60% per annum
Series U	1/12 of 0.60% per annum

There are no management fees charged on Series G units.

Performance fees:

The Fund will pay the Manager an annual performance incentive fee in respect of Series A, Series B, Series D, Series F, Series G and Series U units of the Fund, as set forth below.

(*i*) Series B - 20% of the amount (if any) by which any increase in the Series B net asset value during the fiscal year (adjusted for contributions and redemptions of Series B units and for any shortfall from previous fiscal years) exceeds a 6% return.

(*ii*) Series A, Series D and Series F - 20% of the amount by which the net asset value of each unit of the series (or sub-series within the series) on the last business day of June each year exceeds the applicable High Water Mark plus a 6% hurdle.

(*iii*) Series G - 20% per annum of the amount (if any) by which any increase in the Series G net asset value during the fiscal year (after certain adjustments, including any prior period "shortfalls" in net asset value) exceeds 6%.

(*iv*) Series U – 20% per annum of the amount by which the net asset value of each Unit of the series (or sub-series within the series) on the last business day of December each year (the "Performance Valuation Date") exceeds the applicable High Water Mark plus a 6% hurdle.

4. Related party transactions (continued):

Performance fees (continued):

For the purpose of determining the performance incentive fee in respect of Series A, Series B, Series D, Series F and Series U units, (i) the calculation of the net asset value per unit of a series will be adjusted to include distributions made on units of the series, (ii) appropriate adjustments will be made to address any subdivisions or consolidations of units, and (iii) the 6% hurdle will be pro-rated for periods of less than 12 months, but will not compound annually.

The performance incentive fee for Series A, Series D, Series F and Series U units will accrue on each Purchase Date and will be payable annually within 15 business days of the Performance Valuation Date. The performance incentive fee for Series B units, if any, will be determined on each Purchase Date during a fiscal year for the purposes of calculating the Series B net asset value per unit, but will be paid to the Investment Manager annually within one month of the fiscal year-end of the Fund. The performance incentive fee (if any) is payable in either cash or units, at the discretion of the Investment Manager and is subject to applicable taxes, including GST or HST.

The adjusted shortfall carried forward in respect of Series B of the Fund at December 31, 2021 and 2020, as applicable, was as follows:

		2021		2020
Series B	$	1,909,237	$	15,353,644

As at December 31, 2021 there is a high water mark for Series A of $11.16, Series G of $15.75, Series D of $13.64, Series F of $13.23 and Series U of U.S. $10.63 (2020 – G - $12.50, D - $10, F - $10 and U - $nil).

In 2021, the manager has waived the performance fees of $211 for Series A units, $2,360 for Series D units, $26,644 for Series F units.

Related party shareholdings:

As at December 31, 2021 and 2020, parties related to the Manager directly or indirectly held the following percentages of the Fund's outstanding units. Subscriptions and redemptions are subject to the same terms and conditions as arms-length investors in the Fund.

4. Related party transactions (continued):

	2021	2020
Series B	3%	2%
Series D	1%	5%
Series F	3%	4%

As at December 31, 2021 and 2020, the aggregate investment in all investee companies owned by the Manager's directors and officers did not exceed 1% of the respective investee companies' issued and outstanding shares.

5. Withholding tax expense:

Certain dividend and interest income received by the Fund is subject to withholding tax imposed in the country of origin. During the year, the average effective withholding tax rate was 3.87% (2020 – 4.63%).

6. Redeemable units:

Pursuant to the Fund Agreement, the Fund is authorized to issue an unlimited number of units. Each series of units is described further below:

- Series B units are available from the Manager or through authorized dealers. These units may qualify for redesignation by the unitholder as Series G or I units.
- Series C units are no longer being offered to investors, and they were fully redeemed on March 1st, 2020.
- Series D units are available to investors who have an account with a discount broker or dealer.
- Series F units are available from the Manager or through authorized dealers. These units pay an annual fee to their dealer for investment advice and other services. Effective September 25, 2019 the existing Series F units were redesignated as Series G.
- Series G units are no longer being offered to investors. These units may qualify for redesignation by the unitholder as Series B, or I units.
- Series I units are available only to investors who have entered into an agreement with the Manager and meet certain other conditions and are offered only on a private placement basis. These units may qualify for redesignation by the unitholder as Series B, or G units. There are no Series I units outstanding in 2021 and 2020.
- Series U Units are being distributed on a private placement basis through the Manager from September 30, 2021.

6. Redeemable units (continued):

Series A, Series B, Series D and Series F units are the only units offered under the Simplified Prospectus, and Series I and U units are offered only on a private placement basis. The unit transactions for the Fund during the years ended December 31 are as follows:

December 31, 2021

	Outstanding redeemable units, beginning of year	Issuance of redeemable units	Redemption of redeemable units	Transfer in/out of units	Redeemable units issued on reinvestment of distributions	Outstanding redeemable units, end of year
Series A	-	1,000	-	-	-	1,000
Series B	5,002,885	898,560	(3,223,898)	-	-	2,677,547
Series D	4,661	7,831	(217)	-	-	12,275
Series F	125,676	39,230	(5,235)	-	-	159,671
Series G	127,810	-	(13,437)	-	-	114,373
Series U	-	120,000	-	-	-	120,000
	5,261,032	1,066,621	(3,242,787)	-	-	3,084,866

December 31, 2020

	Outstanding redeemable units, beginning of year	Issuance of redeemable units	Redemption of redeemable units	Transfer in/out of units	Consolidation of redeemable units	Redeemable units issued on reinvestment of distributions	Outstanding redeemable units, end of year
Series B	5,208,760	6,841	(213,189)	473	-	-	5,002,885
Series C	3,521	-	(3,060)	(461)	-	-	-
Series D	-	3,602	-	-	1,059	-	4,661
Series D - February 2020	-	600	-	-	(600)	-	-
Series D - March 2020	-	100	(100)	-	-	-	-
Series D - June 2020	-	300	-	-	(300)	-	-
Series D - July 2020	-	100	-	-	(100)	-	-
Series F	-	69	(3,311)	-	128,918	-	125,676
Series F - January 2020	-	93,500	(1,800)	-	(91,700)	-	-
Series F - February 2020	-	30,640	-	4,727	(35,367)	-	-
Series F - April 2020	-	53	-	-	(53)	-	-
Series F - July 2020	-	253	-	-	(253)	-	-
Series F - August 2020	-	308	-	-	(308)	-	-
Series G	134,591	-	(2,247)	(4,534)	-	-	127,810
	5,346,872	136,366	(223,707)	205	1,296	-	5,261,032

7. Capital management:

The redeemable units issued by the Fund represent the capital of the Fund. The Fund is not subject to any internally or externally imposed restrictions on its capital. The Fund's objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from distributions, if any, and redemptions.

8. Financial risk management:

(a) Risk management framework:

The Fund may be exposed to a variety of financial risks. The Fund's exposures to financial risks are concentrated in its investment holdings, including derivative instruments. The Schedule of Investments groups securities by asset type and geographic region. The Manager manages the potential effects of these financial risks on the Fund's performance by overseeing and regularly monitoring the Fund's position and market events, and diversifies the investment portfolio within the constraints of the investment guidelines. The fundamental investment objective of the Fund is to provide long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value.

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash, and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

Credit risk is managed by the Manager through a careful selection of securities and diversification of the Fund's portfolio. The Manager monitors the Fund's overall market positions on a daily basis and investment positions are maintained within an established range.

In the Manager's opinion, the Fund does not have significant exposure to credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Fund's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Prospectus provides for the monthly subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at each redemption date.

The Fund primarily invests in investments in listed securities that are considered to be readily realizable because they are traded on major global stock exchanges. In addition, the Fund retains sufficient cash and deposit positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid.

The Fund's non-derivative liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option, however in the Manager's opinion the redeemable units do not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term.

8. Financial risk management (continued):

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments.

(*i*) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Fund's primary interest rate risk relates to the investment of cash and deposits. From time to time, the Fund may also hold convertible debt securities of portfolio investees that the Fund will expect to be converted into equity investments. On this basis, the fair value of these investments is derived primarily from the fair value of the underlying equity of the portfolio investee. As at December 31, 2021 and 2020, the Fund did not hold any debt securities.

(*ii*) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates.

The Fund's currency risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Fund may use foreign currency contracts to hedge some foreign currency exposure and engage in the buying and selling of currencies through forward contracts in order to achieve the desired currency exposure. At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

December 31, 2021

Currency	Investments	Derivatives	Cash	Net other assets	Total
Canadian Dollars	$ 15,771,300	$ 37,000	$ 2,412,759	$ (267,539)	$ 17,953,520
Hong Kong Dollars	2,038,715	-	-	-	2,038,715
United States Dollar	5,601,420	-	927,363	(19,283)	6,509,500
	$ 23,411,435	$ 37,000	$ 3,340,122	$ (286,822)	$ 26,501,735

December 31, 2020

Currency	Investments	Derivatives	Cash	Net other assets	Total
Canadian Dollars	$ 19,581,128	$ 42,000	$ 3,275,802	$ (49,675)	$ 22,849,255
Hong Kong Dollars	1,332,994	-	-	-	1,332,994
United States Dollar	6,048,058	-	12,295	281	6,060,634
	$ 26,962,180	$ 42,000	$ 3,288,097	$ (49,394)	$ 30,242,883

As at December 31, 2021 had the Canadian dollar strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets would have increased or decreased by approximately $427,411 (2020 - increased or decreased by approximately $369,682). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

8. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market including geopolitical risks.

The Manager manages price risk on a daily basis. The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy of the Fund. Except for written options and securities sold short, the maximum risk resulting from financial instruments is equivalent to their fair values as set forth in the Fund's statement of financial position. Possible losses from written options and securities sold short can be unlimited.

The geographical breakdown of securities is disclosed in the Fund's Schedule of Investments.

As at December 31, 2021, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately $2.3 million (2020 - $2.7 million) or 8.8% (2020 - 8.9%) of net assets attributable to redeemable units.

9. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1*:* inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2*:* inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3*:* inputs that are unobservable.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell

9. Fair value of financial instruments (continued):

(a) Valuation models (continued):

the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Fund uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as forward contracts and options that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Fund uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Fund believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Fund and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest rate swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgment is required to select the most appropriate point in the range.

(b) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

9. Fair value of financial instruments (continued):

(b) Fair value hierarchy - financial instruments measured at fair value (continued):

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	$ 19,993,435	$ -	$ 3,418,000	$ 23,411,435
Warrants	37,000	-	-	37,000
Total	$ 20,030,435	$ -	$ 3,418,000	$ 23,448,435
Total	**$ 20,030,435**	**$ -**	**$ 3,418,000**	**$ 23,448,435**

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	$ 24,653,180	$ -	$ 2,309,000	$ 26,962,180
Warrants	42,000	-	-	42,000
Total	$ 24,695,180	$ -	$ 2,309,000	$ 27,004,180
Total	**$ 24,695,180**	**$ -**	**$ 2,309,000**	**$ 27,004,180**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2021.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value for the year ended December 31, 2021 and 2020:

December 31, 2021

	Level 3
Balance, beginning of year	$ 2,309,000
Change in unrealized appreciation	1,109,000
Total investments	**$ 3,418,000**

December 31, 2020

	Level 3
Balance, beginning of year	$ 1,984,000
Change in unrealized appreciation	325,000
Total investments	**$ 2,309,000**

9. Fair value of financial instruments (continued):

(c) Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2021						
Description		Fair value	Valuation technique	Unobservable input	Amount	Sensitivity to change in signifcant unobservable input
Equities	$	3,418,000	Multiple approach	Book value multiple	1.1x	The estimated fair value would increase if book value multiple increased

December 31, 2020						
Description		Fair value	Valuation technique	Unobservable input		Sensitivity to change in signifcant unobservable input
Equities	$	2,309,000	Multiple approach	Book value multiple	1.1x	The estimated fair value would increase if book value multiple increased

The book value multiple represents the Manager's assessment of the investments fair value in excess of its book value. The Manager determines this multiple in reference to trading multiples of similar companies and the multiple used in the issuance of the investment's shares in arm's length transactions.

(d) Effects of unobservable input on fair value measurement:

Although the Fund believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Holding other assumptions constant, increasing the book value multiple by 5% used in the model to value investments would increase the fair value of the investment by $170,900 (2020 - $115,450) and decreasing the book value multiple by 5% would decrease the fair value of the investment by $170,900 (2020 - $115,450).

(e) Financial instruments not measured at fair value:

The carrying value of cash, interest and dividends receivable, and accrued liabilities approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

10. Income taxes:

As at December 31, 2021, the Fund had net capital loss carry forwards of approximately $nil (2020- $nil) available for utilization against capital gains in future years. Such net capital losses are available to be carried forward indefinitely. The Fund had non-capital loss carry forwards of approximately $nil (2020 - $168,546). Non-capital losses may be carried forward up to 20 years.

11. Revision of comparative figures:

Certain prior year comparative figures in the Statements of Comprehensive Income have been reclassified to conform with current year presentation. Accordingly, there is no impact on total Increase (decrease) in net assets attributable to holders of redeemable units from operations.