

Financial Statements

December 31, 2025

Canso Credit Income Fund



Independent Auditor's Report

To the Unitholders of
Canso Credit Income Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's 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 this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management 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, management 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 management 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.

Auditor's 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 auditor's 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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, misrepresentations, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based 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 auditor's 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 auditor's 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatralè.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2026

Canso Credit Income Fund

Financial Statements December 31, 2025

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Canso Credit Income Fund

Statements of Financial Position

As at	31-Dec-25	31-Dec-24
Assets		
Financial assets at fair value through profit or loss*	\$ 186,476,978	\$ 169,414,696
Cash and cash equivalents	891,909	673,639
Due from investment dealers	368	1,040
Accrued Interest	6,506,399	7,020,450
Dividends receivable	103,819	105,160
Receivable on forward exchange contracts	52,172	–
Other receivables	699	–
Total assets	\$ 194,032,344	\$ 177,214,985
Liabilities		
Financial liabilities at fair value through profit or loss*	\$ 44,427,027	\$ 25,653,223
Due to investment dealers	727,363	–
Accrued management fees	94,196	94,881
Other accrued expenses	23,804	1,685,858
Distributions payable to holders of redeemable units	382,951	387,842
Payable on foreign currency forward contracts	6,566	731,693
Total liabilities	\$ 45,661,907	\$ 28,553,497
Net assets attributable to holders of redeemable units	\$ 148,370,437	\$ 148,661,488
Net assets attributable to holders of redeemable units, per class		
Class A	\$ 146,379,045	\$ 145,164,130
Class F	1,991,392	3,497,358
Total net assets	\$ 148,370,437	\$ 148,661,488
Number of redeemable units outstanding		
Class A	9,084,187	9,116,797
Class F	108,099	192,890
Net assets attributable to holders of redeemable units per unit		
Class A	\$ 16.11	\$ 15.92
Class F	18.42	18.13
* Financial assets at fair value through profit or loss at cost	\$ 144,322,876	\$ 139,603,257

Statements of Comprehensive Income (Loss)

For the year ended	31-Dec-25	31-Dec-24
Income		
Interest for distribution purposes	\$ 7,284,494	\$ 8,417,612
Dividend income	835,463	1,039,972
Other income	642	14,146
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments sold	6,005,224	3,279,667
Net realized gain (loss) on foreign currency	(38,920)	93,611
Net realized gain (loss) on foreign currency contracts	329,425	(1,893,985)
Change in unrealized appreciation (depreciation) on foreign currency	(1,088)	1,070
Change in unrealized appreciation (depreciation) on foreign currency forward contracts	777,299	–
Change in appreciation (depreciation) unrealized on investments	(6,431,142)	8,696,673
Total operating income (loss)	\$ 8,761,397	\$ 19,648,766
Expenses		
Management fees	\$ 1,113,025	\$ 1,076,989
Interest expense, short positions	909,217	1,749,723
Performance fees	4,293	1,470,964
Harmonized sales tax	98,383	306,927
Stock borrow costs	81,267	165,809
Fund valuation fees	39,957	46,453
Administration fees	24,011	21,564
Commissions and other portfolio transaction costs	32	934
Regulatory and listing expense	18,287	19,266
Registration and other filing fees	14,542	16,675
Transfer agent	13,724	13,724
Legal fees	4,189	7,631
Audit fees	5,628	6,465
Trustee fees	5,501	5,501
Independent review committee fees	349	407
Other expenses	34	–
Total operating expenses	\$ 2,332,439	\$ 4,909,032
Withholding tax	\$ 9,819	\$ (9,709)
Total net operating expenses	\$ 2,342,258	\$ 4,899,323
Change in net assets attributable to holders of redeemable units from operations	\$ 6,419,139	\$ 14,749,443
Change in net assets attributable to holders of redeemable units, per class		
Class A	\$ 6,300,997	\$ 14,374,668
Class F	118,142	374,775
Change in net assets attributable to holders of redeemable units per unit		
Class A	\$ 0.69	\$ 1.58
Class F	0.86	1.75

Canso Credit Income Fund

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

All Classes

For the year ended	31-Dec-25	31-Dec-24
Net assets attributable to holders of redeemable units, beginning of year	\$ 148,661,488	\$ 138,923,952
Change in net assets attributable to holders of redeemable units from operations	6,419,139	14,749,443
Distributions to unitholders of redeemable units		
From net investment income	\$ (3,577,255)	\$ (4,111,293)
From capital gains	(6,772,686)	(1,288,261)
Total distributions	\$ (10,349,941)	\$ (5,399,554)
Redeemable unit transactions		
Proceeds from redeemable units issued		
Class A	\$ 1,029,464	\$ 353,467
Total proceeds	\$ 1,029,464	\$ 353,467
Cost of units redeemed		
Class A	\$ (1,558,578)	\$ (12,489)
Class F	(1,555,422)	(690,907)
Total cost	\$ (3,114,000)	\$ (703,396)
Reinvested distributions		
Class A	\$ 5,627,563	\$ 726,726
Class F	96,724	10,850
Total reinvested	\$ 5,724,287	\$ 737,576
Change in net assets attributable to holders of redeemable units for year	\$ (291,051)	\$ 9,737,536
Net assets attributable to holders of redeemable units, end of year	\$ 148,370,437	\$ 148,661,488

Class A

For the year ended	31-Dec-25	31-Dec-24
Net assets attributable to holders of redeemable units, beginning of year	\$ 145,164,130	\$ 135,004,067
Change in net assets attributable to holders of redeemable units from operations	6,300,997	14,374,668
Distributions to unitholders of redeemable units		
From net investment income	\$ (3,540,353)	\$ (4,014,142)
From capital gains	(6,644,178)	(1,268,167)
Total distributions	\$ (10,184,531)	\$ (5,282,309)
Redeemable unit transactions		
Proceeds from redeemable units issued due to conversion F to A		
	\$ 1,029,464	\$ 353,467
Cost of units redeemed	(1,558,578)	(12,489)
Reinvested distributions	5,627,563	726,726
Total redeemable	\$ 5,098,449	\$ 1,067,704
Change in net assets attributable to holders of redeemable units for year	\$ 1,214,915	\$ 10,160,063
Net assets attributable to holders of redeemable units, end of year	\$ 146,379,045	\$ 145,164,130

Class F

For the year ended	31-Dec-25	31-Dec-24
Net assets attributable to holders of redeemable units, beginning of year	\$ 3,497,358	\$ 3,919,885
Change in net assets attributable to holders of redeemable units from operations	118,142	374,775
Distributions to unitholders of redeemable units		
From net investment income	\$ (36,902)	\$ (97,151)
From capital gains	(128,508)	(20,094)
Total distributions	\$ (165,410)	\$ (117,245)
Redeemable unit transactions		
Cost from redeemable units issued due to conversion F to A		
	\$ (1,029,464)	\$ (353,467)
Cost of units redeemed	(525,958)	(337,440)
Reinvested distributions	96,724	10,850
Total redeemable	\$ (1,458,698)	\$ (680,057)
Change in net assets attributable to holders of redeemable units for year	\$ (1,505,966)	\$ (422,527)
Net assets attributable to holders of redeemable units, end of year	\$ 1,991,392	\$ 3,497,358

Canso Credit Income Fund

Statements of Cash Flows

For the year ended	31-Dec-25	31-Dec-24
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units from operations	\$ 6,419,139	\$ 14,749,443
Adjustments for:		
Foreign exchange loss (gain) on cash	10,990	(1,749)
Net realized loss (gain) on sale of investments and currency	(6,005,224)	(3,279,667)
Net change in unrealized depreciation (appreciation) of investments and derivatives	6,431,142	(8,696,673)
Net change in unrealized depreciation (appreciation) on foreign currency	1,088	(1,070)
Change in unrealized appreciation (depreciation) on foreign currency forward contracts	(777,299)	–
Purchase of investments	(122,880,710)	(141,943,522)
Proceeds from the sale of investments	124,166,314	142,066,434
Interest receivable	514,051	3,219,895
Dividends receivable	1,341	97,633
Due from investment dealers	672	21,471
Due to investment dealers	727,363	–
Other receivables	(699)	1
Other liabilities	(1,662,739)	(753,759)
Net cash from (used in) operating activities	\$ 6,945,429	\$ 5,478,437
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units	\$ (10,354,832)	\$ (5,400,311)
Reinvestment of distributions to holders of redeemable units	5,724,287	737,576
Amounts paid on redemption of redeemable units	(2,084,536)	(380,086)
Net cash from (used in) financing activities	\$ (6,715,081)	\$ (5,042,821)
Foreign exchange gain (loss) on cash and cash equivalents	\$ (12,078)	\$ 2,819
Change in cash and cash equivalents during the year	230,348	435,616
Cash and cash equivalents, beginning of year	673,639	235,204
Cash and cash equivalents, end of year	\$ 891,909	\$ 673,639
Supplementary disclosures on cash flow from operating activities		
Interest received	\$ 7,798,545	\$ 11,637,507
Interest expense, short positions	909,217	1,749,723
Dividends received	836,804	1,137,605
Withholding tax	9,819	(9,709)

Schedule of Investment Portfolio as at December 31, 2025

Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)
Canadian Bonds held long		
342,000	407 International Inc., Callable, 4.11%, 2035/10/03	\$ 342,389 \$ 339,799
8,509,000	Air Canada, Callable, 4.63%, 2029/08/15	8,468,452 8,519,990
1,176,000	Avis Budget Car Rental LLC / Avis Budget Finance Inc., Callable, 5.75%, 2027/07/15	1,465,656 1,623,381
340,000	Avis Budget Car Rental LLC / Avis Budget Finance Inc., Callable, 4.75%, 2028/04/01	431,532 456,595
800,000	Avis Budget Car Rental LLC / Avis Budget Finance Inc., Callable, 8.38%, 2032/06/15	1,149,928 1,134,568
207,000	Avis Budget Rental Car Funding (AESOP) LLC, Class 'A', Series '24-1A', Callable, 5.36%, 2030/06/20	289,172 293,533
421,000	Avis Budget Rental Car Funding (AESOP) LLC, Class 'A', Series '24-2A', Callable, 5.13%, 2028/10/20	571,120 587,203
1,256,000	Bank of Montreal, Variable Rate, Callable, 3.73%, 2031/06/03	1,256,000 1,262,973
1,803,000	Bank of Nova Scotia, Series '1', Variable Rate, Callable, 3.70%, 2081/07/27	1,625,920 1,736,166
3,423,000	Bank of Nova Scotia (The), Variable Rate, Callable, 3.62%, 2032/01/30	3,423,000 3,408,117
182,845	Bell Canada, Zero Coupon, 2026/06/15	179,401 180,191
182,845	Bell Canada, Zero Coupon, 2026/12/15	175,598 177,062
182,845	Bell Canada, Zero Coupon, 2027/06/15	171,541 173,777
182,845	Bell Canada, Zero Coupon, 2027/12/15	167,202 170,224
182,845	Bell Canada, Zero Coupon, 2028/06/15	163,306 167,130

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Canso Credit Income Fund

Schedule of Investment Portfolio as at December 31, 2025

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Canadian Bonds held long									
<i>Cont'd</i>									
182,845	Bell Canada, Zero Coupon, 2028/12/15		157,404	164,637	318,625	Hertz Corp. (The), Payment-In-Kind, Convertible, Callable, 8.00%, 2029/07/15	592,393	501,354	
1,518,316	Black Press Ltd., 10.00%, 2029/03/22		1,347,102	1,363,638	346,000	Hertz Vehicle Financing LLC, Class 'A', Series '21-2A', Callable, 1.68%, 2027/12/27	457,259	466,082	
591,000	Canada Housing Trust No. 1, 3.65%, 2033/06/15		609,102	601,303	2,610,000	Hydro One Inc., Callable, 3.90%, 2033/11/21	2,608,408	2,604,965	
1,450,000	Canada Housing Trust No. 1, 4.15%, 2033/06/15		1,542,844	1,522,668	130,800	Loblaw Cos. Ltd., Zero Coupon, 2026/02/17	130,089	130,256	
2,900,000	Canada Housing Trust No. 1, 3.60%, 2035/09/15		2,928,449	2,901,924	130,800	Loblaw Cos. Ltd., Zero Coupon, 2026/08/17	127,348	128,152	
1,106,000	Cineplex Inc., Callable, 7.63%, 2029/03/31		1,106,000	1,152,431	130,800	Loblaw Cos. Ltd., Zero Coupon, 2027/02/17	124,548	125,792	
89,000	Cineplex Inc., Convertible, Callable, 5.75%, 2035/09/30		92,559	113,075	130,800	Loblaw Cos. Ltd., Zero Coupon, 2027/08/17	122,123	123,494	
1,490,000	Corus Entertainment Inc., Callable, 6.00%, 2030/02/28		1,490,000	536,400	130,800	Loblaw Cos. Ltd., Zero Coupon, 2028/02/17	118,739	121,287	
5,871,000	GE Capital Canada Funding Co., 5.73%, 2037/10/22		5,997,227	5,872,537	130,800	Loblaw Cos. Ltd., Zero Coupon, 2028/08/17	115,661	119,234	
32,939,000	Government of Canada, 0.50%, 2030/12/01		29,149,234	29,213,977	1,487,000	Loblaw Cos. Ltd., Zero Coupon, 2033/02/17	1,039,992	1,071,479	
1,758,000	Government of Canada, 2.75%, 2033/06/01		1,726,898	1,702,836	9,375,000	Manulife Financial Corp., Variable Rate, Callable, 4.10%, 2082/03/19	9,117,284	8,899,964	
7,547,000	Government of Canada, 3.00%, 2034/06/01		7,487,024	7,376,699	1,287,000	MassMutual Global Funding II, 4.13%, 2032/07/15	1,286,421	1,303,025	
660,000	Government of Canada, 3.25%, 2035/06/01		664,620	652,883	3,117,000	Metropolitan Life Global Funding I, 4.15%, 2033/06/06	3,117,000	3,148,348	
5,762,000	Government of Canada, Real Return, 4.25%, 2026/12/01		6,637,048	6,114,796	1,420,000	NAV Canada, Callable, 2.92%, 2051/09/29	1,420,000	1,038,535	
1,163,000	Government of Canada, Real Return, 0.50%, 2050/12/01		822,609	761,006	1,523,000	New York Life Global Funding, 4.00%, 2032/06/17	1,520,609	1,532,165	
1,970,000	Great-West Lifeco Inc., Series '1', Variable Rate, Callable, 3.60%, 2081/12/31		1,970,000	1,863,671	2,458,893	NHA MBS CIBC World Markets Inc., 3.24%, 2030/06/01	2,439,173	2,460,720	
3,296,000	Hertz Corp. (The), Callable, 12.63%, 2029/07/15		4,464,793	4,565,554	2,783,879	NHA MBS Equitable Bank, 3.90%, 2029/03/01	2,752,421	2,841,372	
3,959,000	Hertz Corp. (The), Callable, 5.00%, 2029/12/01		4,332,588	3,717,735	1,107,453	NHA MBS First National, 3.24%, 2030/07/01	1,102,038	1,107,677	
					495,083	NHA MBS Home Trust Co., 3.00%, 2030/09/01	492,316	491,899	

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Canso Credit Income Fund

Schedule of Investment Portfolio as at December 31, 2025

Canadian Bonds held long			Canadian Bonds held short		
Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)
<i>Cont'd</i>					
1,628,498	NHA MBS Laurentian Bank of Canada, 3.24%, 2030/07/01	1,621,512	3,159,000	TransCanada PipeLines Ltd., Variable Rate, Callable, 6.32%, 2067/05/15	3,847,029
31	NHA MBS MCAP Service, 3.64%, 2027/11/01	31	642,000	WTH Car Rental ULC, Series '23-1', Sinkable, 6.03%, 2027/02/20	658,435
804,363	NHA MBS Scotia Capital Inc., 3.85%, 2029/09/01	820,378	Total bonds held long		
1,975,236	NHA MBS TD Securities, 3.04%, 2030/07/01	1,948,511	\$ 161,947,067 \$ 161,242,582		
2,914,949	NHA MBS TD Securities Inc., 3.14%, 2030/09/01	2,921,595	Canadian Bonds held short		
1,238,000	Pacific Life Global Funding II, 4.20%, 2032/07/29	1,238,000	(1,374,000)	Government of Canada, 8.00%, 2027/06/01	(1,477,871)
3,610,000	Royal Bank of Canada, Floating Rate, Convertible, Callable, 4.19%, 2085/06/29	3,215,425	(6,950,000)	Government of Canada, 3.25%, 2028/09/01	(7,047,091)
1,318,000	Royal Bank of Canada, Variable Rate, Callable, 3.99%, 2031/07/22	1,318,000	(26,400,000)	Government of Canada, 1.50%, 2031/12/01	(24,124,343)
4,945,000	Royal Bank of Canada, Variable Rate, Callable, 3.57%, 2031/12/09	4,945,000	(6,400,000)	Government of Canada, 3.25%, 2035/12/01	(6,307,483)
308,000	SNC-Lavalin Group Inc., Series '7', 7.00%, 2026/06/12	308,000	(1,212,000)	Government of Canada, 2.75%, 2048/12/01	(1,018,071)
137,000	Spirit AeroSystems Inc., Callable, 3.85%, 2026/06/15	180,420	(3,230,000)	United States Treasury Bond, 3.75%, 2028/05/15	(4,452,168)
2,214,000	Spirit AeroSystems Inc., Callable, 4.60%, 2028/06/15	2,532,395	Total bonds held short		
5,958,853	Strait Crossing Development Inc., 6.17%, 2031/09/15	6,273,593	\$ (45,195,003) \$ (44,427,027)		
2,968,000	Sun Life Financial Inc., Series '21-1', Variable Rate, Callable, 3.60%, 2081/06/30	2,970,528	Total of bonds (78.8%)		
2,243,000	Toronto-Dominion Bank (The), Floating Rate, Callable, 4.13%, 2033/01/09	2,243,000	\$ 116,752,064 \$ 116,815,555		
2,480,000	Toronto-Dominion Bank (The), Series '1', Variable Rate, Callable, 3.60%, 2081/10/31	2,480,000	Equities held long		
1,494,000	Toronto-Dominion Bank (The), Variable Rate, Callable, 3.61%, 2031/09/10	1,494,000	915,463	Aegis Brands Inc.	370,763
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Canso Credit Income Fund

Schedule of Investment Portfolio as at December 31, 2025

Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)	
Equities held long			
<i>Cont'd</i>			
2,700	TC Energy Corp., Preferred, Series '4', Floating Rate, Convertible, Perpetual	27,621	49,005
3,000	TC Energy Corp., Preferred, Series '7', Variable Rate, Convertible, Perpetual	44,340	73,170
6,240	TC Fund I L.P. Class 'B'	106,614	103,047
270,300	Thomson Reuters Corp., Preferred, Series 'II', Floating Rate	3,584,087	4,040,985
75,886	X-Spectrum 1 Inc.	371,840	20,490
124,321	X-Spectrum 2 Inc.	177,779	–
343,035	Yellow Pages Ltd.	6,651,449	3,797,397
Total of equities held long	\$ 27,570,812	\$ 25,234,396	
Total of equities (16.9%)	\$ 27,570,812	\$ 25,234,396	
Total investment portfolio (95.7%)	\$ 144,322,876	\$ 142,049,951	
	Cash and cash equivalents (0.6%)	\$	891,909
	Other assets less liabilities (3.7%)		5,428,577
Net assets		\$	148,370,437

Foreign Exchange Contracts

Counterparty	Settlement Date	Buy	Par Value	Sell	Par Value	Forward Rate	Current Rate	Unrealized Appreciation (Depreciation)
Canadian Imperial Bank of Commerce	3/16/2026	CAD	\$ 22,854,054	USD	\$ 16,663,000	0.729	0.731	\$ 52,172
Canadian Imperial Bank of Commerce	3/16/2026	CAD	2,243,107	USD	1,644,000	0.733	0.731	(6,566)

Notes

1 Credit rating of counterparty is A+

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

1. Formation of Fund

The address of the Canso Credit Income Fund's (the "Fund") registered office is 3080 Yonge St., Suite 4000, Toronto, Ontario.

Lysander Funds Limited (the "Manager" or "Lysander") is the manager of the Fund and is responsible for providing or arranging the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value ("NAV") of the Fund and its classes, preparing all offering documents, unitholder recordkeeping and other administrative services.

Canso Credit Income Fund is a closed-end fund formed under the laws of the Province of Ontario by an amended and restated master declaration of trust dated as of February 20, 2020, as may be amended and/or restated from time to time. On June 29, 2010, the Fund became a reporting issuer, with its units qualified for distribution under a prospectus. On July 16, 2010, an initial public offering of 11,395,678 Class A Units and 2,604,322 Class F Units (collectively, the "Units") at a price of \$10.00 per Unit was completed, with the Class A Units being traded on the Toronto Stock Exchange under the symbol PB.YUN. The Class F Units are not listed on a stock exchange, but are convertible into Class A Units on a monthly basis.

The Fund's investment objective is to (i) maximize total returns for unitholders while reducing risk and (ii) provide unitholders with monthly cash distributions by taking long and short positions primarily in corporate bonds and other income securities.

The portfolio manager of the Fund is Canso Investment Counsel Ltd., ("Portfolio Manager"), a company under common control as the Manager.

2. Basis of Presentation

These financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") effective as at December 31, 2025.

The financial statements were authorized for issue by Lysander's board of directors on March 26, 2026.

3. Material Accounting Policy Information

The material accounting policies of the Fund are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Financial instruments

The Fund accounts for its financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"), which include cash and cash equivalents, investments at fair value through profit or loss, accrued interest, reimbursement receivable, subscriptions receivable, redemption payable, due to/from investment dealer, receivable/payable from forward exchange contracts and accrued expenses.

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL"):

Financial Assets

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The Fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial assets and financial liabilities at amortized cost:

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

IFRS 9 requires the expected credit loss model ("ECL") as the impairment model for financial assets measured at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material or considered impaired.

The Fund classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Manager assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources. The classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2025 and 2024, as applicable, is disclosed in the notes to the financial statements of the Fund. Significant transfers between levels are also disclosed in the notes to the financial statements of the Fund, where applicable. The reconciliation of Level 3 fair value

measurements for the years ended December 31, 2025 and 2024, if applicable, are included in the notes to the financial statements of the Fund.

Recognition/Derecognition

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income (loss).

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income (loss) for the year in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income (loss).

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income (loss).

Realized gains and losses related to options are included in net realized gain (loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options in addition to the realized gains or losses from disposition of the related investments at the exercise price of the option.

Fair value measurements

The securities in the Fund's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities of the Fund is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund will determine the points within the bid-ask spread that are most representative of the fair value. A financial

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Fund selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

The Fund uses widely recognized valuation techniques for determining the fair value of financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies,

iv) private placement financing technique, v) internally developed models and vi) market activity. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value. Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models. Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued. Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation). For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Fund also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. In situations where there is limited market activity for the asset or liability near the measurement date, the most recent transaction price may be used.

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

Income recognition

Dividend income is recognized when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognized gross of withholding tax, if any.

The interest income for distribution purposes shown on the statement of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Accounting estimates

In the application of the Fund's accounting policies, the Fund is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with units in each class representing an equal and rateable share in the assets allocated to each class. Please refer to Note 6 for discussion of management fee rates. The redeemable units are classified as financial liabilities and are measured at the redemption amounts.

Net asset value per unit

The net asset value per unit of each class of units of the Fund is computed by dividing the NAV of a class of units by the total number of units of the class outstanding at the time. The Fund's accounting policies for measuring the fair value of its

investments and derivatives are identical to those used in measuring its NAV for transactions with holders of redeemable units.

Foreign currency translation

Foreign currency amounts are translated into the Fund's functional currency as follows: fair value of investments, forward currency contracts and other financial assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

Foreign currency forward contracts

The value of the foreign currency forward contracts is the gain or loss that would be realized if the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation on forwards in the statement of comprehensive income (loss). Foreign currency forward contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

Taxation

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes has been made in these financial statements.

As at December 31, 2025, the Fund had no net capital losses (December 31, 2024 - Nil) and no non-capital losses (December 31, 2024 - Nil).

Distributions

The Fund makes distributions monthly as stated within the prospectus of the Fund. These are recognized in the statement of changes in net assets attributable to holders of redeemable units.

Significant accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then the Fund uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The Fund's subscriptions and redemptions are denominated in Canadian Dollars ("CAD"). Accordingly, the Fund has determined that the functional currency of the Fund is CAD unless noted otherwise.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined as disclosed in Fair Value Measurement section in Note 3.

Future changes in accounting standards

Presentation and Disclosure in Financial Statements:

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

Classification and Measurement of Financial Instruments:

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI") and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

4. Expenses

The Fund is responsible for the payment of all expenses related to its operations, including but not limited to audit fees, Independent Review Committee fees, fund administration fees, filing fees, redeemable unitholder reporting and custodian fees

plus harmonized sales tax. At their discretion, the Manager or the Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the Portfolio Manager to make similar future payments. All expenses are recognized in the statement of comprehensive income (loss) on the accrual basis.

5. Issuance and Redemption of Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each unit entitles the holder to the same rights and obligations as a holder of any other unit and no holder of units is entitled to any privilege, priority or preference in relation to any other holder of units. Each holder of units is entitled to one vote for each whole unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The units of the Fund are issued and redeemed at their NAV.

Class A Units are listed on the Toronto Stock Exchange ("TSX") and investors may buy and sell these units on the TSX. Investors may incur customary brokerage commissions in buying and selling units.

The Class F units are designed for fee-based and/or institutional accounts and differ from the Class A units in the following ways: (i) the Class F units are not listed on a stock exchange; (ii) the agents' fees paid on the issuance of Class F units are lower than those paid on the issuance of Class A units.

Unitholders of Class A or Class F are entitled to redeem their units outstanding on the last business day in June of each year. Unitholders are entitled to receive a redemption price equal to the NAV per Class A unit or Class F unit, as applicable. In addition to the annual redemption, Class A or Class F units may be surrendered at any time for a monthly redemption by the Fund.

A holder of Class F units may convert Class F units into Class A units in any month in accordance with the Fund's most current Annual Information Form.

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

During the years ended December 31, 2025 and 2024, the number of units issued, redeemed and outstanding were as follows:

Class A

For the years ended	31-Dec-25	31-Dec-24
Units outstanding at beginning of year	9,116,797	9,093,749
Units converted from Class F to Class A	64,057	23,466
Units redeemed	(96,667)	(418)
Units outstanding at end of year	9,084,187	9,116,797

Class F

For the years ended	31-Dec-25	31-Dec-24
Units outstanding at beginning of year	192,890	234,125
Units converted from Class F to Class A	(56,200)	(20,800)
Units redeemed	(28,591)	(20,435)
Units outstanding at end of year	108,099	192,890

6. Related Party Transactions

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager pays for certain investment management services and provides certain administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee.

7. Fair Value Hierarchy

The following fair value hierarchy table presents information about the Fund's assets measured at fair value, as described in Note 3, as at December 31, 2025 and 2024:

As at December 31, 2025	Level 1		Level 2		Level 3		Total
Financial Assets							
Equities	\$	18,653,476	\$	-	\$	276,349	\$ 18,929,825
Fixed income		-		159,878,946		1,363,638	161,242,584
Preferred shares		6,304,569		-		-	6,304,569
Receivable on forward exchange contracts		-		52,172		-	52,172
Total	\$	24,958,045	\$	159,931,118	\$	1,639,987	\$ 186,529,150

At December 31, 2025, the Manager had an ownership interest in the Fund amounting to 17.1%. (December 31, 2024 - 18.5%)

The Manager is entitled to receive from the Fund a management fee which is calculated daily and payable monthly at an annualized rate of up to 0.75% on Class A and Class F Units, exclusive of applicable taxes, based on the net asset value of each respective class.

The total management fees earned by the Manager for the year ended December 31, 2025 was \$1,113,025 (December 31, 2024 - \$1,076,989), of which \$94,196 (December 31, 2024 - \$94,881) was payable at December 31, 2025.

Performance Fees:

Subject to certain terms and conditions as described in the Fund's Annual Information Form, the Manager is entitled to receive a Performance Fee (the "Performance Fee") equal to 20% of the Fund's outperformance of the FTSE Canada All Corporate Bond Index as described in the Fund's Annual Information Form.

Performance fees are calculated and accrued monthly and paid annually, if earned. For the year ended December 31, 2025, the Performance Fee accrued by the Fund was \$4,293 (December 31, 2024 - \$1,470,964).

During the year ended December 31, 2025, the Manager paid the Portfolio Manager, an affiliate of the Manager, \$522,846, including performance fees (December 31, 2024 - \$1,176,795) for managing the portfolio of the Fund. As at December 31, 2025 the amount payable to the Portfolio Manager was \$47,393 (December 31, 2024 - \$1,221,073).

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income sold short	\$ -	\$ 44,427,027	\$ -	\$ 44,427,027
Payable on foreign currency forward contracts	-	6,566	-	6,566
Total	\$ -	\$ 44,433,593	\$ -	\$ 44,433,593

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 12,812,620	\$ -	\$ 278,820	\$ 13,091,440
Fixed income	-	146,682,400	1,418,421	148,100,761
Preferred shares	6,050,385	-	2,172,110	8,222,495
Total	\$ 18,863,005	\$ 146,682,400	\$ 3,869,351	\$ 169,414,696

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income sold short	\$ -	\$ 25,653,223	\$ -	\$ 25,653,223
Payable on foreign currency forward contracts	-	731,693	-	731,693
Total	\$ -	\$ 26,384,916	\$ -	\$ 26,384,916

As at	31-Dec-25	31-Dec-24
Level 3 reconciliation		
Balance, beginning of year	\$ 3,869,351	\$ 3,612,070
Purchases	-	1,441,995
Sales	(49,000)	(1,393,095)
Transfers In	-	-
Transfers Out	(4,058,387)	-
Realized gains and losses	7,613	(44,764)
Change in unrealized appreciation (depreciation)	1,870,410	253,145
Balance, end of year	\$ 1,639,987	\$ 3,869,351

The Portfolio Manager's internal valuation team is comprised of individuals from across the functional areas of the firm (Trading, Settlements, Research, Portfolio Management, Compliance, and Fund Administration) who have broad and deep experience in the fair value techniques for debt and equity investments. The team reports to the Chief Investment Officer of the Portfolio Manager and the internal valuation team's valuation processes and results are reviewed by the Portfolio Manager's management on an ongoing basis. Security valuations are discussed on a case-by-case basis with a view to establish the most suitable valuation method. During the year ended December 31, 2024, there were no transfers between levels. During the year ended December 31, 2025, the Fund held Flint Corp Series 1 Preferred Shares and Flint Corp Series 2 Preferred Shares, which were classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs. As a result of a mandatory corporate action completed by Flint Corp, these preferred shares were automatically converted into Flint Corp Common Shares, which are traded in an active market and therefore qualify for Level 1 classification. These instruments were transferred out of Level 3 and into Level 1 upon conversion at a fair value of \$4,058,387.

The following sections provides information regarding Level 3 securities. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

Black Press Media Ltd., Class 'A'

Price: \$1.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: Since the company emerged from protection under the Companies' Creditors Arrangement Act ("CCAA") in Spring 2024 - a Canadian federal statute that allows insolvent companies with debts exceeding \$5 million to restructure under court supervision - and continues to have significant debt ranking ahead of equity, a reasonably possible change to value of the next

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

private placement financing could result in an increase or decrease of 50%, or an increase or decrease in the security price of \$0.50, or an increase or decrease of net assets of \$76,405.

Black Press Ltd., 10.00%, 2029/03/22

Price: \$89.81

Valuation Technique: A discounted cash flow model..

Unobservable Inputs: The model discounts future cash flows of the bond by yields of similarly rated companies plus a liquidity discount.

Change in input values: A reasonably possible change in yields of similarly rated companies could lead to a decrease of 20%, or a decrease in the security price of \$17.96 or a decrease of net assets of \$272,690. The amount of increase is capped at par.

TC Fund I L.P. Class 'B'

Price: \$16.514

Valuation Technique: Internally developed model.

Unobservable Inputs: The primarily unobservable inputs for this security include TC Fund I 2025 Q3 financial statements, the market value of Blue Ant's equity, intrinsic value of Blue Ant's warrants, TC Fund's book value of equity on the balance sheet of Boreal and Sing Tao, our 15% ownership stake in TC Fund I and the amount payable to Rivett LP upon distribution of the partnership, of which is in relation to the tax benefit received.

Change in input values: A reasonably possible change in the value of the investments could result in an increase or decrease of 50%, or an increase or decrease in the security price of \$8.257, or an increase or decrease of net assets of \$51,524.

X-Spectrum 1 Inc.

Price: \$0.27

Valuation Technique: The relative value technique.

Unobservable Inputs: The primary unobservable inputs for this security were the expected sale prices of the spectrum assets.

Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of \$0.11, or an increase or decrease of net assets of \$8,347.

X-Spectrum 2 Inc.

Price: \$0.00

Valuation Technique: The relative value technique.

Unobservable Inputs: Company is being wound up and with all assets being liquidated. The liquidation value is likely to be zero since the portfolio manager believes that the liquidation value of assets will likely be less than the amount of liabilities. The primary unobservable input is the liquidation value of assets.

Change in input values: The portfolio manager believes it is highly unlikely that the salvage value of assets will exceed the company's liabilities and therefore believe the possibility of any recovery on this security is remote.

8. Risk Management

The Fund's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk. The value of the investments in the Fund's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the Portfolio Manager will diversify the portfolio based on industry and credit rating category. Significant risks that are relevant to the Fund are discussed below.

Credit risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main exposure to credit risk consists of investments in debt instruments, such as bonds. The Fund is also exposed to counterparty risk from other assets, such as amounts due from brokers or subscriptions receivable. To manage this risk, the Portfolio Manager monitors the Fund's credit exposure and counterparty credit ratings.

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

The Fund measures credit risk and lifetime ECLs related to these trade receivables using historical analysis and forward looking information in determining the ECL.

As at December 31, 2025 and 2024, the Fund had directly invested in debt instruments with the following credit ratings:

As a % of net assets		31-Dec-25	31-Dec-24
Credit exposure			
AAA	%	18.3	9.0
AA		2.6	1.4
A		24.8	12.4
BBB		19.8	31.2
BB		7.3	12.0
B		5.2	8.2
CCC		2.8	6.0
D		0.4	–
Not Rated		1.7	7.8

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations, including any redemption of units for cash. The Fund is exposed to possible daily redemptions at the then current NAV per unit. Liquidity risk is managed by investing a significant portion of the Fund's assets in investments that are traded in an active market and that can be readily sold. All liabilities of the Fund are due within one year.

The following table presents the Fund's liabilities according to their maturity date as at December 31, 2025 and 2024:

As at 31-Dec-2025	Less Than One Month	1-3 Months	3 Months – 1 Year
Liquidity exposure			
Fixed income sold short	\$ –	\$ –	\$ 44,427,027
Due to investment dealers	727,363	–	–
Accrued management fees	94,196	–	–
Other accrued expenses	–	23,804	–
Distributions payable to holders of redeemable units	382,951	–	–
Payable on forward exchange contracts	–	6,566	–
As at 31-Dec-2024			
	Less Than One Month	1-3 Months	3 Months – 1 Year
Liquidity exposure			
Fixed income sold short	\$ –	\$ –	\$ 25,653,223
Accrued management fees	94,881	–	–
Other accrued expenses	–	1,685,858	–
Distributions payable to holders of redeemable units	387,842	–	–
Payable on forward exchange contracts	–	731,693	–

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a fund asset will fluctuate because of changes in market interest rates. If applicable, to manage interest rate risk, the Portfolio Manager monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's exposure to interest rate risks based on the remaining term to maturity of the investments.

Canso Credit Income Fund

Notes to the financial statements for December 31, 2025 and 2024

	Less than 1 year	1-3 years	3-5 years	> 5 years	Total
Interest rate exposure					
Fixed income and term loans					
December 31, 2025 - Long	\$ 7,231,013.5	\$ 7,997,881	\$ 64,118,376	\$ 81,895,313.5	\$ 161,242,584
December 31, 2025 - Short	-	12,977,130	-	31,449,897	44,427,027
Interest rate exposure					
Fixed income and term loans					
December 31, 2024 - Long	\$ 4,069,052	\$ 25,055,890	\$ 44,851,861	\$ 74,123,958	\$ 148,100,761
December 31, 2024 - Short	-	14,522,974	-	11,130,249	25,653,223

If interest rates had increased or decreased by 1% at December 31, 2025, with all other variables remaining constant, net assets of the Fund would have decreased or increased by approximately \$4,075,347 (December 31, 2024- \$4,056,295).

Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. If applicable, the currency risk will typically be hedged by entering into foreign currency forward contracts, however some moderate currency exposure may be assumed if deemed to be beneficial to the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's net exposure (before hedging, if any) to currency risk as at:

	31-Dec-25	31-Dec-24
Currency exposure		
US Dollars	% 16.6	% 26.2

As at December 31, 2025, if the CAD had strengthened or weakened by 1% in relation to the above currencies, with all other factors remaining constant, the Fund's net assets would have decreased or increased by 0.2% (December 31, 2024 - 0.3%).

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. If applicable, this risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio. Exposure to price risk arises from investments in equity securities. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

As at December 31, 2025, approximately 16.9% (December 31, 2024 - 14.4%) of the Fund's net assets were invested in equity securities. If prices of these investments had increased or decreased by 5% as at December 31, 2025 with all other factors remaining constant, net assets would have increased or decreased, by approximately \$1,261,720 (December 31, 2024 - \$1,065,697).



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