

DAVIS-REA FIXED INCOME FUND

*For the Six-Month Periods ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)*

Notice to Reader:

These interim financial statements and related notes for the six-month period ended June 30, 2026 have been prepared by the management of the Fund. The external auditors of the Fund have not audited these interim financial statements.

Unaudited Statements of Financial Position

As at June 30, 2026 and December 31, 2025

(Expressed in Canadian Dollars)

	June 30 2026	December 31 2025
ASSETS		
Cash and cash equivalents	\$ 396,301	\$ 247,621
Investments at fair value	34,558,785	31,325,586
Receivable for investments sold	909,294	—
Accrued interest receivable	329,217	325,564
Other assets	4	—
TOTAL ASSETS	36,193,601	31,898,771
LIABILITIES		
Payable for investments purchased	1,005,002	—
Accrued management fees	1,793	1,580
Accrued expenses	35,983	32,104
Distributions payable to unitholders	7,957	—
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS)	1,050,735	33,684
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Note 5)	\$ 35,142,866	\$ 31,865,087
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER CLASS (Note 5)		
CLASS F	\$ 924,918	\$ 822,511
CLASS O	\$ 34,217,948	\$ 31,042,576
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
CLASS F	\$ 10.53	\$ 10.50
CLASS O	\$ 9.79	\$ 9.76

Approved on behalf of the Board of Directors of Davis-Rea Ltd., the Manager on August 21, 2026.

John M. O'Connell

John M. O'Connell
Director
Davis-Rea Ltd.

JC O'Connell

JC O'Connell
Director
Davis-Rea Ltd.

Unaudited Statements of Comprehensive Income (Loss)

For the six-month periods ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

	2026	2025
INVESTMENT INCOME		
Interest income for distribution purposes	\$ 628,188	\$ 587,121
	628,188	587,121
NET GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on sale of investments	90,495	186,629
Net foreign exchange gain (loss) on cash and cash equivalents	1,471	(7,041)
Net other gain (loss)	518	3,895
Net change in unrealized appreciation (depreciation) of investments	53,376	(100,737)
	145,860	82,746
NET INVESTMENT INCOME (LOSS)	774,048	669,867
EXPENSES		
Administration fees	19,416	17,909
Audit fees	16,890	24,028
Custodial fees	11,063	9,729
Harmonized sales tax	10,585	9,828
Independent review committee fees	3,711	5,533
Interest expense	6	146
Legal fees	11,232	10,975
Management fees	3,067	29
Operating fees	4,525	5,414
Registration and filing fees	1,756	1,756
Trustee fees	2,571	2,459
Unitholder communication fees	16,144	10,446
TOTAL EXPENSES	100,966	98,252
INCREASE (DECREASE) IN NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	\$ 673,082	\$ 571,615

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

For the six-month periods ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

	Total	
	2026	2025
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS AT BEGINNING OF PERIOD	\$ 31,865,087	\$ 30,234,311
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE		
TO HOLDERS OF REDEEMABLE UNITS	673,082	571,615
DISTRIBUTIONS PAID OR PAYABLE TO HOLDERS		
OF REDEEMABLE UNITS		
From net investment income	(569,953)	(526,550)
TOTAL DISTRIBUTIONS TO HOLDERS		
OF REDEEMABLE UNITS	(569,953)	(526,550)
REDEEMABLE UNIT TRANSACTIONS		
Amount received from the issuance of units	12,167,221	728,238
Amount received from reinvestment of distributions	551,939	506,095
Amount paid on redemptions of units	(9,544,510)	(1,409,044)
NET INCREASE (DECREASE) FROM REDEEMABLE		
UNIT TRANSACTIONS	3,174,650	(174,711)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO		
HOLDERS OF REDEEMABLE UNITS	3,277,779	(129,646)
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS AT END OF PERIOD	\$ 35,142,866	\$ 30,104,665

Unaudited Statements of Cash Flows

For the six-month periods ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

	2026	2025
CASH PROVIDED BY (USED IN) OPERATIONS		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 673,082	\$ 571,615
Adjustments for:		
Net foreign exchange loss (gain) on cash and cash equivalents	(1,471)	7,041
Net realized loss (gain) on sale of investments	(90,495)	(186,629)
Net change in unrealized (appreciation) depreciation of investments	(53,376)	100,737
Purchase of investments	(13,490,652)	(9,794,285)
Proceeds from the sale of investments	10,497,032	9,606,715
Changes in non-cash balances:		
Accrued interest receivable	(3,653)	(10,452)
Accrued dividends receivable	(4)	—
Accrued expenses and accrued management fees	4,092	10,234
	(2,465,445)	304,976
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Amount received from the issuance of units	12,167,221	728,238
Amount paid on redemptions of units	(9,544,510)	(1,409,044)
Distributions paid to unitholders	(10,057)	(10,985)
	2,612,654	(691,791)
Increase (decrease) in cash during the period	147,209	(386,815)
Net foreign exchange gain (loss) on cash and cash equivalents	1,471	(7,041)
Cash and cash equivalents, beginning of period	247,621	407,282
Cash and cash equivalents, end of period	\$ 396,301	\$ 13,426

CASH AND CASH EQUIVALENTS IS REPRESENTED BY:

Cash	\$ 396,301	\$ 13,426
	396,301	13,426

SUPPLEMENTAL DISCLOSURE

Interest received	\$ 624,535	\$ 576,669
Interest paid	\$ 6	\$ 146

Unaudited Schedule of Investment Portfolio

As at June 30, 2026

(Expressed in Canadian Dollars)

	Par Value	Average Cost \$	Fair Value \$
CANADIAN BONDS — 77.62%			
Corporate Bonds — 73.21%			
407 International Inc., 4.45%, 2031/08/14	500,000	489,215	513,319
Alimentation Couche-Tard Inc., 4.60%, 2029/01/25	500,000	500,000	513,830
Alimentation Couche-Tard Inc., Series '9', 3.86%, 2032/09/26	1,000,000	995,475	994,243
Bell Canada, Series 'M-64', 3.65%, 2029/08/14	500,000	500,425	501,335
Brookfield Infrastructure Finance ULC, 3.41%, 2029/10/09	600,000	567,378	597,077
Canadian Pacific Railway Co., 2.54%, 2028/02/28	500,000	497,325	494,991
Canadian Pacific Railway Co., 4.00%, 2032/06/13	750,000	753,548	757,424
Chartwell Retirement Residences, Series 'E', 3.65%, 2028/05/06	500,000	499,235	501,719
Choice Properties REIT, 4.29%, 2030/01/16	500,000	500,000	509,688
Choice Properties REIT, Series 'W', 4.63%, 2035/08/08	750,000	748,899	759,453
Crombie REIT, Series 'N', 4.52%, 2033/07/06	500,000	500,000	503,397
Dollarama Inc., 3.85%, 2030/12/16	750,000	747,855	755,373
Dollarama Inc., 3.94%, 2031/07/25	750,000	751,508	755,526
Dollarama Inc., 4.58%, 2036/04/02	500,000	500,000	507,238
Dream Industrial REIT, Series 'C', 2.06%, 2027/06/17	500,000	454,450	495,593
Fortis Inc., 4.17%, 2031/09/09	750,000	755,138	765,228
Gildan Activewear Inc., 4.15%, 2030/11/22	250,000	250,393	253,518
Gildan Activewear Inc., 4.71%, 2031/11/22	500,000	508,435	517,553
Hydro One Inc., 3.94%, 2032/08/25	500,000	499,940	506,943
Hydro One Inc., 4.16%, 2033/01/27	500,000	486,750	511,890
Keyera Corp., Series '6', 4.20%, 2033/04/15	500,000	501,250	501,283
Keyera Corp., Series '9', 3.94%, 2031/07/15	500,000	499,985	501,020
Keyera Corp., Variable Rate, 5.95%, 2081/03/10	250,000	280,774	261,311
Loblaws Cos. Ltd., 2.28%, 2030/05/07	800,000	673,800	772,554
Loblaws Cos. Ltd., 3.56%, 2029/12/12	500,000	498,140	501,204
Loblaws Cos. Ltd., 4.49%, 2028/12/11	500,000	521,430	512,204
Manulife Bank of Canada, 3.95%, 2031/05/20	500,000	500,000	505,171
Metro Inc., 4.00%, 2029/11/27	500,000	511,965	507,272
Metro Inc., Series 'M', 3.47%, 2031/02/25	500,000	500,000	495,593
Morguard Corp., Series 'I', 5.00%, 2028/10/14	500,000	500,000	511,099
Pembina Pipeline Corp., 5.02%, 2032/01/12	500,000	500,935	525,467
Pembina Pipeline Corp., Series '15', 3.31%, 2030/02/01	500,000	498,680	495,737
Pembina Pipeline Corp., Variable Rate, Convertible, Callable, 4.80%, 2081/01/25	250,000	201,563	249,948
Royal Bank of Canada, 3.99%, 2031/07/22	650,000	654,084	659,160
Royal Bank of Canada, 4.28%, 2035/02/04	500,000	499,995	508,529
Saputo Inc., 3.88%, 2030/07/02	500,000	509,970	504,283
Sienna Senior Living Inc., 4.44%, 2029/10/17	500,000	501,859	511,158
SmartCentres REIT, 5.16%, 2030/08/01	500,000	500,000	520,294
SmartCentres REIT, Series 'AC', 3.60%, 2029/06/12	500,000	499,985	497,267
StorageVault Canada Inc., 5.50%, 2026/09/30	500,000	500,000	500,475
Tamarack Valley Energy Ltd., 6.88%, 2030/07/25	500,000	500,000	526,555
TMX Group Ltd., 4.68%, 2029/08/16	500,000	521,690	518,311
TMX Group Ltd., 4.84%, 2032/02/18	500,000	523,830	526,184
Toromont Industries Ltd., 3.76%, 2030/03/28	500,000	500,826	502,281
Toromont Industries Ltd., 3.84%, 2027/10/27	500,000	504,720	503,639
Tourmaline Oil Corp., Series '1', 2.08%, 2028/01/25	400,000	400,000	393,521
TransCanada PipeLines Ltd., 3.39%, 2028/03/15	500,000	499,165	500,898
Waste Management of Canada Corp., Series '2', 3.94%, 2033/07/15	500,000	499,985	500,883
		25,310,600	25,728,639

	Par Value	Average Cost \$	Fair Value \$
Provincial and Municipal Bonds — 4.41%			
Province of British Columbia, 1.55%, 2031/06/18	500,000	441,425	462,751
Province of Ontario, 2.15%, 2031/06/02	500,000	475,362	476,679
Province of Ontario, 3.65%, 2034/02/03	250,000	249,795	252,425
Province of Ontario, 3.80%, 2034/12/02	350,000	350,718	354,791
		1,517,300	1,546,646
TOTAL CANADIAN BONDS		26,827,900	27,275,285
FOREIGN BONDS — 20.72%			
Alphabet Inc., 3.65%, 2031/05/15	750,000	745,785	756,494
Alphabet Inc., 4.00%, 2033/05/15	500,000	499,120	507,206
Alphabet Inc., 4.35%, 2036/05/15	500,000	498,310	509,557
Amazon.com Inc., 3.40%, 2029/06/12	500,000	499,675	501,743
Amazon.com Inc., 3.70%, 2031/06/12	500,000	499,685	502,795
Amazon.com Inc., 4.00%, 2033/06/12	500,000	499,245	503,235
Apple Inc., 1.25%, 2030/08/20	500,000	536,398	627,342
Costco Wholesale Corp., 1.60%, 2030/04/20	500,000	568,430	641,964
McDonald's Corp., 4.11%, 2032/08/21	1,000,000	1,022,135	1,012,156
New York Life Global Funding, 4.00%, 2032/06/17	500,000	504,180	503,496
Sunoco L.P., 4.38%, 2029/03/26	500,000	498,450	498,371
Thermo Fisher Scientific Inc., 5.00%, 2029/01/31	500,000	682,521	719,141
TOTAL FOREIGN BONDS		7,053,934	7,283,500
TOTAL BONDS		33,881,834	34,558,785
TOTAL COST AND FAIR VALUE OF INVESTMENTS — 98.34%		33,881,834	34,558,785
TOTAL INVESTMENTS — 98.34%		33,881,834	34,558,785
OTHER ASSETS AND LIABILITIES — 1.66%			584,081
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.00%			35,142,866

1. Establishment of Trust

Davis-Rea Fixed Income Fund (the “Fund”) is an open-ended unincorporated unit trust that was established under the laws of the Province of Ontario by a declaration of trust dated May 31, 2011 as amended and restated March 28, 2019 as amended and restated January 2, 2024. The Fund’s head office is located at 23 Bedford Road, Suite 100, Toronto, Ontario, Canada. CIBC Mellon Trust Company is the trustee (the “Trustee”) and the custodian (the “Custodian”) of the Fund. Davis-Rea Ltd. is the manager (the “Manager”) of the Fund. The Fund offers Class A, Class B, Class F, and Class O units. Class A, Class B, Class F and Class O units of the Fund can be bought by any qualified investor, provided that in the case of Class F units of the Fund, the investor is participating in a fee-based program with their dealer, and in the case of Class O units of the Fund, the investor has entered into a Class O investment management agreement with the Manager.

The financial statements of the Fund for the six-month period ended June 30, 2026 were authorized for issue on August 21, 2026.

2. Basis of Preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* under IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at fair value through profit or loss, as described in the relevant accounting policies. These interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the most recent annual financial statements.

3. Material Accounting Policies

Disclosure of Accounting Policies

The material accounting policies applied in the preparation of these condensed interim financial statements are set out below. The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those applied in the Fund’s annual financial statements for the year ended December 31, 2025, except as otherwise disclosed.

Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost when

it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

In accordance with IFRS 9, the Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss (“FVTPL”).

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at FVTPL are presented in the Statements of Comprehensive Income (Loss) within ‘Net change in unrealized appreciation (depreciation) of investments’ in the period in which they arise. Dividend income from financial assets at FVTPL is recognized when the Fund’s right to receive payments is established. Interest income and dividend income are recorded separately in the Statements of Comprehensive Income (Loss) within ‘Interest income for distribution purposes’ and ‘Dividend income’, respectively.

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. These financial instruments are shown at the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate. The balances are short-term in nature; therefore, amortized cost approximates fair value for these financial assets and liabilities.

Impairment of Financial Assets

The Fund recognizes a loss allowance for expected credit losses on financial assets which are measured at amortized cost. The measurement of the loss allowance depends upon the Fund’s assessment at the end of each reporting period as to whether the financial instrument’s credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. A significant increase in credit risk is defined by the Fund as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Investment Transactions and Income Recognition

The accrual method of recording income and expenses is followed by the Fund. Dividend income is recognized when the right to receive payment is established. Distributions from income trusts are recognized on the ex-distribution date and are recorded as income, capital gains or return of capital, based on the best information available. Those treated as return of capital reduce the average costs of the underlying investment. Net realized gains and losses and net change in unrealized appreciation/depreciation of investments are determined using an average cost basis. Interest for distribution purposes, as disclosed in the Statements of Comprehensive Income (Loss) on debt securities at FVTPL, is recognized on accrual basis and represents the coupon interest received. 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.

Valuation of Investments

Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In circumstances where the last traded price is not within that day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on 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. Investments held, such as bonds, with no active market or available bid prices are valued at their closing sale prices.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include discounted cash flow analysis and option pricing models, which consider factors such as the market value of the underlying security, strike price, volatility and terms of the warrants or options.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The breakdown of the Fund into the three-level hierarchy is provided in Note 10.

Distributions

Each unitholder's share of income, net of the Fund's expenses and net capital gain, is distributed quarterly.

Foreign Currency Translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars (CAD), which is also its functional and presentation currency.

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses on the sale of investments are included in 'Net realized gain (loss) on sale of investments' in the Statements of Comprehensive Income (Loss).

Commissions and Other Transaction Costs

Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and

commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and transaction costs are expensed in the Statements of Comprehensive Income (Loss).

Valuation of Fund Units

The value at which units are issued or redeemed is the net asset value per unit. Net asset value per unit for each class of the Fund is calculated on each business day by dividing the net asset value of each class by its outstanding units. The net asset value of each class is computed by calculating the value of the class' proportionate share of a Fund's assets less the class' proportionate share of the Fund's common liabilities and less class-specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income and realized and unrealized gains and losses are allocated to each class of a Fund based on that class' prorated share of total net asset value of that Fund. Amounts received on the issuance of units and amounts paid on the redemption of units are included on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

Cash and Cash Equivalents

Cash and cash equivalents is comprised of deposits with financial institutions and highly liquid money market instruments, typically with maturities of three months or less. For the purpose of the Statements of Cash Flows, cash is presented net of outstanding bank overdrafts when applicable.

Redeemable Units

Redeemable units are redeemable at the unitholder's option and are classified as other financial liabilities and are recorded at the present value of the redeemable amount. Net asset value per unit of each class is calculated at the close of business on each business day (each a "valuation day") by dividing the net asset value of each class by the outstanding units of that class. The net asset value of each class is computed by calculating the fair value of the assets less liabilities of the class.

New Standards, Amendments and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2025. The Fund's assessment of the impact of these new standards and amendments is set out below:

(i) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7. Among other amendments, IASB clarified that a financial liability is derecognized on the 'settlement date' and introduced an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. The Fund adopted the amendments to IFRS 9 and IFRS 7 effective January 1, 2026. The adoption did not have a material impact on the Fund's financial statements.

(ii) IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the Statements of Comprehensive Income (Loss).
- Enhanced guidance on the aggregation, location and labelling of items across the financial statements and the notes to the financial statements.
- Required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Fund is currently assessing the effect of the above standards and amendments. No other new standards, amendments and interpretations are expected to have a material effect on the financial statements of the Fund.

4. Critical 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:

Fair Value Measurement and Securities Not Quoted in an Active Market

When the Fund holds financial instruments that are not quoted in active markets, the fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Where no market

data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

5. Redeemable Units

The capital of the Fund is represented by Class F and Class O issued redeemable units with no par value. Unitholders are entitled to distributions, if any, and to payment of a proportionate share of the net assets based on the Fund's net asset value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units. Capital movements are disclosed in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the investment strategies and risk management policies outlined in Note 9, the Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The following table summarizes the changes in the number of units for the six-month period ended June 30, 2026 and the year ended December 31, 2025:

	June 30 2026	December 31 2025
Class F Number of Units		
Balance, beginning of period/year	78,356	649
Units issued	8,792	77,312
Units redeemed	(401)	(592)
Reinvestments	1,077	987
Balance, end of period/year	87,824	78,356
Class O Number of Units		
Balance, beginning of period/year	3,180,904	3,126,776
Units issued	1,229,353	198,563
Units redeemed	(970,455)	(244,342)
Reinvestments	55,479	99,907
Balance, end of period/year	3,495,281	3,180,904

6. Distributions

Distributions may be made by the Fund of all or any part of its net income and net realized gains or as a return of capital to unitholders of record as of the close of business on or before the last valuation date in the year or at such other dates as determined by the Fund Manager, according to each unitholder's proportionate share of the Fund less any tax required to be deducted. The Manager intends to automatically reinvest such distributions of the Fund in additional units of the same class of the Fund on behalf of each unitholder.

The Fund had the following distributions for the six-month periods ended June 30, 2026 and 2025:

	June 30 2026	June 30 2025
From net investment income	\$ 569,953	\$ 526,550

7. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and accordingly, is subject to tax on its income for the year, including net realized capital gains which is not paid or payable to its unitholders as at the end of the year. It is the intention of the Fund Manager that all annual investment income and sufficient net realized taxable capital gains will be distributed to unitholders.

As of the taxation year ended December 31, 2025 the Fund has accumulated net realized capital losses of \$2,407,060 (2024 – \$2,698,595) available for utilization against net realized capital gains in future years. Capital losses have no expiry. The Fund does not have any accumulated non-capital losses in 2025 and 2024.

8. Management Fees and Other Expenses and Related Party Transactions

The Manager is responsible for providing investment management administrative services and facilities to the Fund, including general portfolio management, maintenance of accounting records and preparation of reports to unitholders.

The management fee for Class A, Class B, and Class F units is computed at 1.25%, 1.70%, and 0.70% per annum, respectively, of the net asset value of the Fund, plus applicable taxes. The management fee is calculated daily, accrued daily and payable quarterly to the Manager. The Manager will pay a portion of its management fee in respect of Class B units of a fund to dealers who distribute units of that fund. Class O unitholders pay management fees directly to the Manager.

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Custodial fees are payable to the Custodian, and are computed at a per annum rate of 0.07% on the first \$10 million, 0.06% on the next \$40 million, and 0.05% on the remaining average net asset value of the Fund. In addition, transaction fees are payable to the Custodian.

9. Financial Instruments and Risk Disclosures

The Fund is exposed to a variety of financial risks: credit risk, liquidity risk, interest rate risk, and market risk, in the normal course of business. The value of investments held within the Fund will fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market, and company specific news. The level of risk depends on the Fund's investment objectives and the type of securities in which it invests.

The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives. The risk management practices include monitoring compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions and market events, and diversify investment portfolios within the constraints of the investment guidelines.

Credit Risk (% of Net Assets)

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to honour its financial obligation or commitment that it has entered into with a Fund. The Fund minimizes credit risk by maintaining its primary bank account at a reputable financial institution.

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund's source of credit risk is its investments in debt instruments, cash in bank and accrued receivables. The fair value of debt instruments includes consideration of the

credit-worthiness of the issuer, and accordingly represents the maximum credit risk exposure relating to debt instruments of the Fund. The Fund's maximum exposure to credit risk in any one investment relates to Dollarama Inc. in the amount of \$2,018,137 which represents 5.74% of the net assets of the Fund (December 31, 2025 – Loblaw Cos. Ltd. in the amount of \$1,789,114 which represents 5.62% of the net assets of the Fund).

As at June 30, 2026 and December 31, 2025, the Fund invested in debt instruments with the following credit ratings:

	June 30 2026	December 31 2025
Debt securities by credit rating*		
AA	20.44	15.81
A	15.31	18.80
BBB	56.80	55.81
Below BBB	4.37	6.32
Unrated	1.42	1.57
Total	98.34	98.31

*Extracted from the blended composite debt securities ratings from Bloomberg, which is a blend of Moody's, S&P, Fitch, and DBRS ratings. The rating agencies are evenly weighted when calculating the composite. It is calculated by taking the average of the existing ratings, rounded down to the lower rating in case the composite is between two ratings. A composite is not to be generated if the debt security is rated by only one of the four rating agencies.

Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current net asset value per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that can be readily disposed of. The Fund's financial liabilities are all due within one year, and the Fund has sufficient cash in bank to settle these in due course.

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 holds securities with fixed interest rates that expose the Fund to fair value interest rate risk. The Fund's policy requires the Manager to manage this risk by calculating and monitoring the average effective duration of the portfolio of these securities. The Fund also holds a limited amount of cash subject to variable interest rates which exposes the Fund to cash flow interest rate risk.

The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity as at June 30, 2026 and December 31, 2025:

	June 30 2026	December 31 2025
Less than 1 year	\$ 996,068	\$ 600,611
1 - 3 years	6,148,422	6,429,425
3 - 5 years	12,445,430	13,675,673
>5 years	14,968,865	10,619,877
Total	\$ 34,558,785	\$ 31,325,586

As at June 30, 2026, had the prevailing interest rates raised or lowered by 1%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,525,830 (December 31, 2025 – \$1,339,025). Actual results may differ from this sensitivity analysis and the difference could be material.

Market Risk

Concentration Risk (% of Net Assets)

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

Portfolio by Asset Type	June 30 2026	December 31 2025
Corporate Bonds	73.2	76.6
Provincial and Municipal Bonds	4.4	6.0
Foreign Bonds	20.7	15.7
Other assets and liabilities, net	1.7	1.7
Total	100.0	100.0

Currency Risk (\$)

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the Fund's functional currency. Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollar terms, of any foreign securities held in the Fund. These fluctuations may reduce, or even eliminate, any return the Fund has earned on foreign securities. Currency exposure may increase the volatility of foreign investments relative to Canadian investments.

The table below indicates the currencies to which the Fund had significant exposure as at June 30, 2026 and December 31, 2025:

June 30, 2026	Cash	Receivables	Investments	Total
U.S. Dollar	–	20,335	1,988,447	2,008,782

December 31, 2025	Cash	Receivables	Investments	Total
U.S. Dollar	–	42,859	4,012,839	4,055,698

As at June 30, 2026, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$100,439 (December 31, 2025 – \$202,785). Actual trading results may differ from this sensitivity analysis and the difference could be material.

Other Price Risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate due to changes in market conditions (other than those arising from interest rate risk or currency risk).

10. Fair Value Disclosures

Financial instruments recorded at fair value on the Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis at June 30, 2026 and December 31, 2025:

June 30, 2026	Level 1	Level 2	Level 3	Total
Canadian Bonds	\$ –	\$ 27,275,285	\$ –	\$ 27,275,285
Foreign Bonds	–	7,283,500	–	7,283,500
	\$ –	\$ 34,558,785	\$ –	\$ 34,558,785

December 31, 2025	Level 1	Level 2	Level 3	Total
Canadian Bonds	\$ –	\$ 26,316,937	\$ –	\$ 26,316,937
Foreign Bonds	–	5,008,649	–	5,008,649
	\$ –	\$ 31,325,586	\$ –	\$ 31,325,586

There have been no transfers between level 1, 2 or 3 investments in the period ended June 30, 2026 and the year ended December 31, 2025.

11. Capital Management

The Fund's capital consists of redeemable units issued and outstanding. The Fund's objective in managing capital is to provide unitholders with investment returns in accordance with the Fund's investment objectives and strategies while

maintaining sufficient liquidity to meet redemption requests. The Fund is not subject to any externally imposed capital requirements. There were no changes to the Fund's capital management objectives, policies or processes during the period. Information relating to the Fund's redeemable units and changes in units outstanding is disclosed in Note 5.

12. Statement of Portfolio Transactions

A statement of portfolio transactions for the period ended June 30, 2026 will be provided without charge by writing to:

Davis-Rea Ltd.
Investment Counsel
23 Bedford Road, Suite 100
Toronto, ON M5R 2J9

13. Subsequent Events

Management has evaluated subsequent events through August 21, 2026, the date these condensed interim financial statements were authorized for issue, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, these condensed interim financial statements.