



# **Annual Financial Statements**

**For the Years ended December 31, 2023 and 2022**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements have been prepared by Genus Capital Management Inc. ("Genus"), the manager of the Fund, and approved by its Board of Directors. Genus' management is responsible for the information and representations contained in these financial statements and other sections of the financial statements.

Genus maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies that management believes are appropriate for the Fund is described in Note 2 to the financial statements. Financial information used elsewhere in this report is consistent with that presented in the financial statements.

Genus' Board of Directors is responsible for reviewing and approving the financial statements and overseeing the performance of management's financial reporting responsibilities including its internal controls and audit processes.

/s/ Stephen Au  
Chief Executive Officer  
Genus Capital Management Inc.

/s/ Leslie G. Cliff  
Chairperson of the Board  
Genus Capital Management Inc.

# Independent auditor's report

To the Unitholders of  
**Genus High Impact Equity Fund**

## Opinion

We have audited the financial statements of **Genus High Impact Equity Fund** [the "Fund"], which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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, 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, 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 IFRSs, 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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.

Vancouver, Canada  
March 28, 2024

*Ernst & Young LLP*

Chartered Professional Accountants



# Genus High Impact Equity Fund

## Statements of Financial Position

As at December 31 (Expressed in U.S. Dollars)	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 880,936	\$ 251,403
Investments	75,229,343	60,261,114
Dividends receivable	77,808	77,373
Margins deposited on futures contracts	2,311,892	2,597,936
Unrealized gain on futures contracts	143,782	68,021
Subscriptions receivable from unitholders	47,297	6,191
<b>Total assets</b>	<b>78,691,058</b>	<b>63,262,038</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	27,508	23,848
Distributions payable to unitholders	124	100
Redemptions payable to unitholders	9,493	9,734
Unrealized loss on futures contracts	344,669	96,209
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>381,794</b>	<b>129,891</b>
<b>Net assets attributable to holders of redeemable units (Series O)</b>	<b>\$ 78,309,264</b>	<b>\$ 63,132,147</b>
<b>Redeemable units outstanding (note 5)</b>	<b>606,802</b>	<b>540,676</b>
<b>Net assets attributable to holders of redeemable units per unit (Series O)</b>	<b>\$ 129.05</b>	<b>\$ 116.77</b>

On behalf of the Board of Genus Capital Management Inc.:

/s/ Leslie G. Cliff  
Director

/s/ Wayne W. Wachell  
Director

## Statements of Comprehensive Income

For the year ended December 31 (Expressed in U.S. Dollars)	2023	2022
<b>Income</b>		
Interest income (loss) for distribution purposes	\$ 91,772	\$ 83,785
Dividend income	1,220,219	1,304,481
Foreign exchange gain on cash	3,218	9,772
Securities lending income	19,342	3,917
Other changes in fair value on financial assets and liabilities at fair value through profit or loss		
Negative Interest Charges	(209)	(1,561)
Net realized gain (loss) on sale of investments	4,538,605	(4,075,027)
Net realized (loss) gain on futures contracts	(277,709)	1,369,254
Net change in unrealized gain (loss) on investments and derivatives	7,008,537	(4,485,358)
<b>Total income (loss)</b>	<b>12,603,775</b>	<b>(5,790,737)</b>
<b>Expenses</b>		
Trustee fees	4,920	4,538
Audit fees	8,371	1,628
Independent review committee fees	2,645	2,325
Custodial fees	9,669	7,225
Unitholder reporting costs	32,238	26,145
Other administrative expenses	113,754	99,098
Transaction costs	168,333	165,772
Interest expense	591	1,821
<b>Total operating expenses</b>	<b>340,521</b>	<b>308,552</b>
<b>Operating profit (loss)</b>	<b>12,263,254</b>	<b>(6,099,289)</b>
Withholding taxes	(380,330)	(181,397)
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations (Series O)</b>	<b>\$ 11,882,924</b>	<b>\$ (6,280,686)</b>
<b>Weighted average number of units during the year</b>	<b>554,458</b>	<b>550,333</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit (Series O)</b>	<b>\$ 21.43</b>	<b>\$ (11.41)</b>

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

For the year ended December 31 (Expressed in U.S. Dollars)	2023	2022
<b>Net assets attributable to holders of redeemable units at beginning of year (Series O)</b>	<b>\$ 63,132,147</b>	<b>\$ 71,546,065</b>
Increase (decrease) in net assets attributable to holders of redeemable units from operations	11,882,924	(6,280,686)
<b>Distributions to holders of redeemable units</b>		
Net investment income	(1,456,500)	(1,020,276)
Capital gains	(3,697,491)	-
<b>Total distributions to holders of redeemable units</b>	<b>(5,153,991)</b>	<b>(1,020,276)</b>
<b>Redeemable unit transactions</b>		
Issuance of redeemable units	8,192,760	5,751,828
Reinvestment of redeemable units	5,153,335	1,019,723
Redemption of redeemable units	(4,897,911)	(7,884,507)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>8,448,184</b>	<b>(1,112,956)</b>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>15,177,117</b>	<b>(8,413,918)</b>
<b>Net assets attributable to holders of redeemable units at end of year (Series O)</b>	<b>\$ 78,309,264</b>	<b>\$ 63,132,147</b>

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

# Genus High Impact Equity Fund

## Statements of Cash Flows

For the year ended December 31 (Expressed in U.S. Dollars)	2023	2022
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	\$ 81,376,593	\$ 73,884,060
Purchase of investments	(84,793,314)	(73,482,658)
Dividends received, net of withholding tax	839,454	1,120,818
Interest received, excluding gain on short-term notes	91,772	83,785
Interest paid	(591)	(1,821)
Securities lending income	19,342	3,917
Negative interest on investments	(209)	(1,561)
Operating expenses paid	(167,937)	(153,419)
Net proceeds from derivatives settlements	8,335	8,940
<b>Net cash from (used in) operating activities</b>	<b>(2,626,555)</b>	<b>1,462,061</b>
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(632)	(462)
Cash received from redeemable units issued	8,151,654	5,791,309
Amounts paid for redeemable units redeemed	(4,898,152)	(7,879,549)
<b>Net cash from (used in) financing activities</b>	<b>3,252,870</b>	<b>(2,088,702)</b>
Foreign exchange gain on cash	3,218	9,772
Net increase (decrease) in cash	629,533	(616,869)
Cash at beginning of year	\$ 251,403	\$ 868,272
<b>Cash at end of year</b>	<b>\$ 880,936</b>	<b>\$ 251,403</b>

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

## Genus High Impact Equity Fund

### Schedule of Investment Portfolio

[Expressed in U.S. Dollars]

As at December 31, 2023

Shares or Par Value	Description	Average Cost (\$)	Fair Value (\$)	% of Total Portfolio
<b>Equities</b>				
<b>Materials</b>				
4,700	Steel Dynamics Inc.	377,666	555,070	0.7
155,600	Svenska Cellulosa AB SCA	2,190,321	2,332,954	3.1
		2,567,987	2,888,024	3.8
<b>Industrials</b>				
18,700	Acuity Brands Inc.	3,143,519	3,830,321	5.1
13,900	Andritz AG	718,006	866,005	1.2
282,200	Balfour Beatty PLC	1,242,279	1,191,482	1.6
53,600	Fuji Electric Co., Ltd.	2,355,384	2,307,408	3.1
73,200	Signify NV	2,171,778	2,451,698	3.3
69,700	TOTO Ltd.	1,863,426	1,835,694	2.4
		11,494,392	12,482,608	16.7
<b>Consumer Discretionary</b>				
38,400	BorgWarner Inc.	1,418,211	1,376,640	1.8
43,600	Open House Group Co., Ltd.	1,217,342	1,293,650	1.7
		2,635,553	2,670,290	3.5
<b>Consumer Staples</b>				
37,200	Colgate-Palmolive Co.	2,956,025	2,965,212	3.9
24,200	Kimberly-Clark Corp.	3,105,746	2,940,542	3.9
46,400	Sysco Corp.	3,393,866	3,393,232	4.5
27,300	Unicharm Corp.	885,729	987,200	1.3
		10,341,366	10,286,186	13.6
<b>Health Care</b>				
27,200	Dexcom Inc.	2,518,420	3,375,248	4.5
47,400	Edwards Lifesciences Corp.	3,303,683	3,614,250	4.8
24,600	Gilead Sciences Inc.	1,914,432	1,992,846	2.6
30,900	Merck & Co., Inc.	2,402,332	3,368,718	4.5
21,900	Novo Nordisk A/S	1,411,375	2,265,500	3.0
		11,550,242	14,616,562	19.4
<b>Real Estate</b>				
34,000	Boston Properties Inc.	2,028,163	2,385,780	3.2
852,100	CapitalLand Integrated Commercial Trust	1,221,793	1,330,700	1.8
36,000	Daiwa House Industry Co., Ltd.	1,060,313	1,090,878	1.5
598,000	Vicinity Centres	678,649	832,414	1.1
		4,988,918	5,639,772	7.6
<b>Communication Services</b>				
286,400	Pearson PLC	3,102,109	3,520,306	4.7
		3,102,109	3,520,306	4.7
<b>Information Technology</b>				
91,900	Azbil Corp.	2,943,589	3,041,604	4.0
53,700	Cisco Systems Inc.	2,790,443	2,712,924	3.6
15,100	Dassault Systemes SE	724,013	737,853	1.0
86,200	Intel Corp.	3,115,158	4,331,551	5.8
10,480	Microsoft Corp.	3,019,640	3,940,899	5.2
6,300	NVIDIA Corp.	1,531,254	3,119,886	4.1
14,200	SMA Solar Technology AG	712,719	949,793	1.3
14,200	Splunk Inc.	1,621,371	2,163,370	2.9
		16,458,187	20,997,880	27.9
<b>Utilities</b>				
103,500	Solaria Energia y Medio Ambiente SA	1,568,157	2,127,715	2.8
		1,568,157	2,127,715	2.8
<b>Total Equities</b>		64,706,911	75,229,343	100.0
Transaction costs		(72,672)		
<b>Total Investments</b>		64,634,239	75,229,343	100.0
<b>Futures</b>				
Number of Contracts		Contracted Price	Unrealized Gain (Loss) (\$)	
(37)	British Pound Futures Mar 24	1.26	(40,584)	
22	Canadian Dollar Futures Mar 24	0.74	42,790	
7	Canadian Dollar Futures Mar 24	0.74	13,591	
(18)	Euro Fx Futures Mar 24	1.08	(53,213)	
(30)	Japanese Yen Futures Mar 24	0.70	(73,163)	
(57)	Japanese Yen Futures Mar 24	0.70	(137,869)	
(6)	Swedish Krona Futures Mar 24	0.10	(39,840)	
16	Swiss Franc Futures Mar 24	1.15	87,401	
			(200,887)	

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

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

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### 1. OPERATIONS

The Genus High Impact Equity Fund (formerly Genus Fossil Free High Impact Equity Fund) ("the "Fund") is an open-ended unit trust established pursuant to a Trust Agreement between RBC Investor Services Trust, as trustee of the Fund (the "Trustee") and Genus Capital Management Inc., as the manager of the Fund (the "Manager"). The Fund's head office is located at 860- 980 Howe Street, Vancouver, British Columbia, Canada, V6Z 0C8.

The financial statements were authorized for issue by the Manager on March 28<sup>th</sup>, 2024.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and as required by the Canadian Accounting Standards Board.

#### a) IFRS 9, Financial Instruments

The Fund applies IFRS 9, Financial Instruments ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. For liabilities classified as FVTPL, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment fund and derivatives, cash and other trade receivables and payables. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivatives are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented as the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. The Fund's accounting policies for measuring the fair value of investments and derivatives are identical to those used in measuring net asset value ("NAV") for transactions with unitholders.

Financial assets and liabilities are offset and the net amount is reported in the statements 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.

#### b) Valuation of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Bonds, debentures and other debt obligations (other than short term investments) are valued at the mean of bid/ask prices provided by recognized investment brokers on a Valuation Date at such time as the Trustee, in its discretion, deems appropriate. Short term investments are valued at amortized cost which approximates fair value due to their short-term nature. Securities, index futures and index options that are listed on a recognized exchange are valued at the last trade price on the Valuation Date as reported by any report in common use or authorized as official by a recognized stock exchange, where the last trade price falls within that day's bid-ask spread. Provided that if such stock exchange is not open for trading on that date, then valuation is based on the last previous date on which such stock exchange was open for trading. Any security or asset for which a market quotation is not readily available shall be valued at its fair market value as determined by the Trustee. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers in and out of the fair value hierarchy levels as at the end of the reporting year for transfers between Levels 1 and 2 and as at the date of the transfer for transfers in and out of Level 3.

#### c) Securities Transactions and Income

Securities transactions are accounted for on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis. Dividend income is recognized on the ex-dividend date and interest income for distribution purposes is recognized on an accrual basis based at the bond coupon rate.

#### d) Other Assets and Liabilities

All amounts receivable and payable are recorded at cost or amortized cost. Cost or amortized cost approximates fair values for these assets and liabilities due to their short-term nature.



**e) Translation of Foreign Currencies**

The Fund's subscriptions and redemptions are denominated in U.S. dollars, which is also the Fund's functional and reporting currency. The fair values of investments and other assets and liabilities in foreign currencies are translated into the Fund's presentation currency at the closing exchange rate 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 the transactions. Realized and change in unrealized gains and losses on foreign currency translation are included in the statements of comprehensive income.

**f) Transaction Costs**

Transaction costs such as brokerage commissions incurred on the purchase and sale of securities are recorded as an expense and are recognized in the statements of comprehensive income.

**g) Unrealized Gain or Loss on Investments**

Amounts by which the fair values of investments owned at the valuation date have changed during the year are disclosed in the financial statements as change in unrealized gain or loss on investments.

**h) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units attributable to the series for the year by the weighted average number of units outstanding of the respective series during the year.

**i) Securities Lending**

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment by the counterparty to return the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest and dividends paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and is included in the statements of comprehensive income.

**3. 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:

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

Fair values of instruments not quoted in active markets are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using 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 experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), 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. Refer to Note 4 for further information about the fair value measurement of the Fund's financial instruments.

**b) IFRS 10 - Investment Entity Status**

The Fund has not consolidated their financial results with the financial results of the underlying companies held as investments given that the Fund is considered an investment entity. The investment entity requirements in IFRS 10.27 (a-c) have been met since funds are received from multiple investors; the business purpose of the Fund is to generate returns for investors through appreciation of underlying investments; and performance of investments is measured on a fair value basis.

**c) IFRS 12 - Interests in Other Entities**

The Fund may invest in other funds as part of its overall investment strategy. IFRS 12.19 (a-g) requires additional disclosures for

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

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investment entities that have interests in unconsolidated subsidiaries. A subsidiary is an entity that is controlled by another entity. The Fund does not have control over any underlying fund as there are no contractual agreements in place between them and thus no power over the investee exists. The Fund also has no ability to impact returns by exerting power over the underlying fund. Thus, the definition of control as defined in IFRS 10.7 has not been met and no additional disclosures are required by the Fund. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Disclosure with respect to the Fund's interest in unconsolidated structured entities are included in Note 9.

#### 4. FAIR VALUE DISCLOSURE

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows.

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. 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 into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

##### a) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

##### b) Futures Contracts

Futures contracts are priced based on inputs from markets that are not considered active and therefore are classified as Level 2 and are marked to market each valuation day according to the gain or loss that would have been realized if the contracts had been closed out.

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

The following fair value hierarchy tables provide information about the Fund's assets and derivative liabilities measured at fair value on a recurring basis as at December 31, 2023 and 2022.

### As at December 31, 2023

Financial Assets at Fair Value as at December 31, 2023			
Level 1	Level 2	Level 3	Total
\$	\$	\$	\$
<b>Genus High Impact Equity Fund (in U.S.\$)</b>			
Equities	75,229,343	-	75,229,343
Derivative Assets - Futures	143,782	-	143,782
Derivative Liabilities - Futures	(344,669)	-	(344,669)
	<u>75,028,456</u>	<u>-</u>	<u>75,028,456</u>

### As at December 31, 2022

Financial Assets at Fair Value as at December 31, 2022			
Level 1	Level 2	Level 3	Total
\$	\$	\$	\$
<b>Genus High Impact Equity Fund (in U.S.\$)</b>			
Equities	60,261,114	-	60,261,114
Derivative Assets - Futures	68,021	-	68,021
Derivative Liabilities - Futures	(96,209)	-	(96,209)
	<u>60,232,926</u>	<u>-</u>	<u>60,232,926</u>

## 5. REDEEMABLE UNITS OUTSTANDING

The Fund is authorized to issue an unlimited number of redeemable units which rank equally in all respects and represent a pro-rata interest in the net assets attributable to holders of redeemable units.

The Fund's redeemable units are classified as financial liabilities on the statements of financial position, as the Fund has the obligation to distribute income to minimize taxes such that there is no discretion to avoid cash distributions and the units have an ongoing redemption option, which does not meet the criteria in IAS 32.16A(d) to be classified as equity.

Series O units are offered by way of private placement. Series F units are available to investors who have fee-based accounts with their dealers. During the year ended December 31, 2023 and December 31, 2022, no Series F units were issued, redeemed or outstanding.

Changes in outstanding redeemable units of Series O of the Fund for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Units
<i>Year Ended December 31, 2023</i>	
Units outstanding, beginning of year	540,676
Issuance of units	65,004
Redemption of units	(38,810)
Reinvested units	39,932
Units outstanding, end of year	<u>606,802</u>
<i>Year Ended December 31, 2022</i>	
Units outstanding, beginning of year	550,326
Issuance of units	48,849
Redemption of units	(67,232)
Reinvested units	8,733
Units outstanding, end of year	<u>540,676</u>

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

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### 6. INCOME TAXES

As of December 31, 2023 and 2022, the Fund qualified as an open-ended mutual fund trust under the *Income Tax Act* (Canada). The Fund distributes to their unitholders all of their annual taxable income, including such portion of their taxable net realized capital gains, with the result that the Fund is not liable for any income taxes. Such income is taxable in the hands of the unitholders and not in the Fund. Accordingly, no provision for Canadian income taxes has been made in these financial statements. Capital losses are available to be carried forward indefinitely and applied against future capital gains.

The Fund may be liable to pay income or profits tax on income or gains derived from investments in the U.S. and other foreign countries. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the statements of comprehensive income. There is no non-capital loss carry forwards for the Fund.

The following is a summary of the Fund's capital losses available for carryforward as at December 31, 2023:

	Capital Losses Carried Forward (US\$)	
	2023	2022
Genus High Impact Equity Fund	\$-	\$1,137,216

### 7. EXPENSES

The Fund incurs expenses that can be specifically attributed to the Fund. Common expenses of the funds managed by the Manager are allocated to the Fund on a pro-rata basis. The Manager provides or arranges for the provision of investment and advisory services.

#### a) Transaction costs

The following is a summary of the Fund's transaction costs, including brokerage commissions, in consideration of portfolio transactions for the year ended:

#### Genus High Impact Equity Fund

(in U.S.\$)

	December 31, 2023		December 31, 2022	
	\$	%	\$	%
Total transaction costs	159,998	100	156,832	100
Commission arrangements	77,827	49	69,724	44

Note: Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

### 8. FINANCIAL RISK MANAGEMENT

The investment activities of the Fund expose them to a variety of financial risks. Significant risks that are relevant to the Fund are discussed below.

#### a) Currency Risk

Currency risk is the risk that financial instruments held by the Fund that are denominated in a currency other than the Fund's reporting currency will fluctuate due to changes in exchange rates. The table below summarizes the currency risk exposure of the Fund that held assets denominated in currencies other than the reporting currency as at December 31, 2023 and December 31, 2022.

#### December 31, 2023

	Canadian Dollar	British Pound	European Union Euro	Australian Dollar	Japanese Yen	Others	Total
Genus High Impact Equity Fund (in U.S.\$)	879,170	4,712,257	7,138,395	832,644	10,559,862	5,935,049	30,057,377

#### December 31, 2022

	Canadian Dollar	British Pound	European Union Euro	Australian Dollar	Japanese Yen	Others	Total
Genus High Impact Equity Fund (in U.S.\$)	2,977,881	3,883,602	8,141,805	575,414	4,926,559	4,152,297	24,657,558

As at December 31, 2023 and December 31, 2022, had the reporting currency strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets value would have decreased or increased by approximately the values disclosed in the table below. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

	December 31, 2023 5% Appreciaton (-) or Depreciation (+) \$	December 31, 2022 5% Appreciaton (-) or Depreciation (+) \$
Genus High Impact Equity Fund (in U.S.\$)	+ or - 3,870,628	+ or - 1,232,878

#### b) Other Price Risk

The Russian-Ukraine conflict is likely to have an ongoing effect on the financial markets where the Fund operates. The Fund manager performs routine risk assessment procedures and maintains robust controls over its accounts, balances, and transactions. As at the Financial Statement Issue Date, there are no material events or conditions that impact the Fund's ability to continue as a going concern.

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

# Genus High Impact Equity Fund

## Notes to the Financial Statements

December 31, 2023 and 2022

The table below summarizes the other price risk exposure of investment instruments influenced by the general market movement of securities as at December 31, 2023 and December 31, 2022. Additionally, the table also discloses the impact on the Fund's NAV of a 5% increase or decrease in the securities market.

December 31, 2023	Other Price Risk Exposure		5% Increase (+) or Decrease (-)	
	\$	% of NAV		\$
Genus High Impact Equity Fund (in U.S.\$)	75,229,343	96.1	+ or-	3,761,467

  

December 31, 2022	Other Price Risk Exposure		5% Increase (+) or Decrease (-)	
	\$	% of NAV		\$
Genus High Impact Equity Fund (in U.S.\$)	60,261,114	95.5	+ or-	3,013,056

### c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet their obligations on time or at a reasonable price. The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

### d) Concentration Risk

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. The following is a summary of the Fund's concentration risk as percentage of total investments:

#### Genus High Impact Equity Fund (in U.S.\$)

Sector	December 31, 2023 (%)	December 31, 2022 (%)
Equities		
Materials	3.8	13.2
Industrials	16.7	11.8
Communication Services	4.7	3.9
Consumer Discretionary	3.5	3.0
Consumer Staples	13.6	15.1
Health Care	19.4	22.1
Real Estate	7.6	5.6
Information Technology	27.9	25.3
Utilities	2.8	-
Total	100.0	100.0

## Genus High Impact Equity Fund

### Notes to the Financial Statements

December 31, 2023 and 2022

#### 9. RELATED PARTIES

The Manager, its directors and family members and its employees hold investments within the Fund as follows:

	December 31, 2023		December 31, 2022	
	Units (Series O)	Market value \$	Units (Series O)	Market value \$
Genus High Impact Equity Fund (in U.S.\$)	5,713	737,283	4,327	505,208

#### 10. SECURITY LENDING

The Fund may enter into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional income. The aggregate market value of all securities loaned by each Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 102% of the fair value of the securities on loan. Collateral consists primarily of fixed income securities. Securities lending income reported in the statements of comprehensive income is net of securities lending charges which the Fund's custodian is entitled to receive.

For the years ended December 31, 2023 and 2022, securities lending income was as follows:

Genus High Impact Equity Fund	2023	2022
	(\$)	(\$)
Gross securities lending income	30,079	7,331
Securities lending charges	(10,528)	(2,565)
Net securities lending income	19,551	4,766
Withholding taxes on securities lending income	(209)	(849)
Net securities lending income received by the Fund	19,342	3,917

Securities lending charges represented 35% (2022 - 35%) of the gross securities lending income, all of which was paid to the Fund's custodian.

The following table summarizes the securities loaned and collateral held as at December 31, 2023 and December 31, 2022:

Genus High Impact Equity Fund	Year ended December 31, 2023	Year ended December 31, 2022
	(\$)	(\$)
Securities loaned	13,475,016	5,342,197
Collateral received	13,744,520	5,449,043
Collateral percentage of the securities loaned	102	102

#### 11. SUBSEQUENT EVENTS

The Fund was established on May 15, 2014. Prior to October 23, 2017, the Fund existed as a non-public mutual fund. From October 23, 2017 to September 6, 2019, the Fund offered Series F units publicly. The Fund ceased to offer Series F units to the public on September 6, 2019, and the Fund had existed as a non-public mutual fund since that date. As of January 19, 2024, the Fund became a public mutual fund again and since then has offered Series F units publicly.