

Annual Financial Statements - December 31, 2019



 **CI FIRST ASSET**
Closed-End Fund

JFT Strategies Fund

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JFT Strategies Fund

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by CI Investments Inc., the Manager of the JFT Strategies Fund (the "Fund"), and approved by the Management. The Fund's Manager is responsible for the information and representations contained in these financial statements and other sections of this report. CI Investments Inc. 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 which management believes are appropriate for the Fund are described in Note 2 to the financial statements.

Toronto, Ontario
March 12, 2020



President
CI Investments Inc.



Chief Financial Officer
CI Investments Inc.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of JFT Strategies Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2019 and 2018, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, 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

JFT Strategies Fund

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.

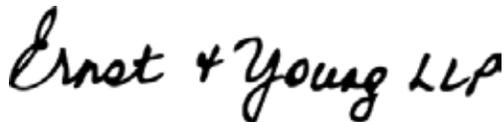
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ 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.

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 Queenie Chung.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2020

JFT Strategies Fund

Financial Statements

Statements of Financial Position

as at December 31

(in \$000's except for per unit amounts and units outstanding)

	2019	2018
Assets		
Current assets		
Investments	235,801	153,068
Cash	4,819	36,834
Unrealized gain on futures and foreign currency forward contracts	-	-
Swaps, swaptions and options	-	-
Daily variation margin on derivative instruments	-	-
Fees rebate receivable	-	-
Collateral on deposit for short sale	-	86,138
Dividends receivable	103	130
Interest receivable	632	955
Receivable for investments sold	801	830
Receivable for unit subscriptions	-	-
	242,156	277,955
Liabilities		
Current liabilities		
Investments sold short	27,981	47,454
Margin payable	25,776	-
Unrealized loss on futures and foreign currency forward contracts	-	-
Swaps, swaptions and options	-	-
Dividends payable on investments sold short	49	97
Interest payable on investments sold short	-	-
Daily variation margin on derivative instruments	-	-
Payable for investments purchased	594	9,662
Payable for unit redemptions	14	-
Distributions payable to holders of redeemable units	-	-
Management fees payable	76	90
Performance fees payable	1,796	262
Accounts payable and accrued liabilities	553	501
	56,839	58,066
Net assets attributable to holders of redeemable units	185,317	219,889

Statements of Financial Position (cont'd)

as at December 31

(in \$000's except for per unit amounts and units outstanding)

	Net assets attributable to holders of redeemable units per class (Note 4):		Net assets attributable to holders of redeemable units per unit:		Number of redeemable units outstanding:	
	2019	2018	2019	2018	2019	2018
Class A	96,010	116,123	14.97	14.38	6,414,930	8,075,346
Class F	83,473	98,336	15.75	15.08	5,299,535	6,521,148
Private Placement Class	5,834	5,430	20.46	19.05	285,093	285,093

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

JFT Strategies Fund

Financial Statements

Statements of Comprehensive Income

for the years ended December 31

(in \$000's except for per unit amounts and number of units)

	2019	2018
Income		
Net gain (loss) on investments and derivatives		
Dividends	1,210	2,347
Interest for distribution purposes	3,955	3,463
Income distributions from investments	-	-
Capital gain distributions from investments	-	-
Derivative income (loss)	-	-
Dividends expense on financial assets (liabilities) sold short	(1,271)	(1,982)
Interest expense on financial assets (liabilities) sold short	-	-
Net realized gain (loss) on sale of investments and derivatives	16,495	7,785
Change in unrealized appreciation (depreciation) in value of investments and derivatives	(4,754)	(6,674)
Total net gain (loss) on investments and derivatives	15,635	4,939
Other income		
Foreign exchange gain (loss) on cash	157	3,044
Securities lending revenue (Note 6)	-	-
Fees rebate	-	-
Miscellaneous foreign income	-	-
Other income	-	-
Total other income	157	3,044
Total income	15,792	7,983
Expenses		
Custody fees	16	13
Unitholders reporting costs	88	80
Dealer service fee	478	611
Management fees (Note 5)	2,702	3,233
Performance fees (Note 5)	1,833	251
Audit fees	23	23
Legal fees	20	15
Independent review committee fees	3	6
Commissions and other portfolio transaction costs	673	878
Securities borrowing fees (Note 2)	1,785	1,362
Interest expense	40	-
Withholding taxes	9	24
Harmonized sales tax	647	532
Other expenses	-	-
Total expenses	8,317	7,027
Expenses absorbed by the Manager (Note 5)	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	7,475	956

Statements of Comprehensive Income (cont'd)

for the years ended December 31

(in \$000's except for per unit amounts and number of units)

	Increase (decrease) in net assets attributable to holders of redeemable units per class:		Increase (decrease) in net assets attributable to holders of redeemable units per unit:		Weighted average number of units:	
	2019	2018	2019	2018	2019	2018
Class A	3,565	289	0.55	0.03	6,500,149	8,539,954
Class F	3,506	533	0.64	0.09	5,461,808	6,231,200
Private						
Placement Class	404	134	1.42	0.48	285,093	279,016

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

JFT Strategies Fund

Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units for the years ended December 31 (in \$000's)

	Class A		Class F		Private Placement Class		Total Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
Net assets attributable to holders of redeemable units at the beginning of year	116,123	137,854	98,336	93,890	5,430	4,596	219,889	236,340
Increase (decrease) in net assets attributable to holders of redeemable units	3,565	289	3,506	533	404	134	7,475	956
Distributions to holders of redeemable units								
From net investment income	-	-	-	-	-	-	-	-
From net realized gains	(2,980)	-	(2,655)	-	(246)	-	(5,881)	-
Return of capital	-	-	-	-	-	-	-	-
Total distributions to holders of redeemable units	(2,980)	-	(2,655)	-	(246)	-	(5,881)	-
Redeemable unit transactions								
Proceeds from redeemable units issued	-	-	-	-	-	700	-	700
Units converted from Private Placement to Class A	-	-	-	-	-	-	-	-
Units converted from Class F to Class A	9,002	5,119	(9,002)	(5,119)	-	-	-	-
Units converted from Class A to Class F	(6,848)	(15,451)	6,848	15,451	-	-	-	-
Reinvestment of distributions to holders of redeemable units	2,980	-	2,655	-	246	-	5,881	-
Redemption of redeemable units	(25,832)	(11,688)	(16,215)	(6,419)	-	-	(42,047)	(18,107)
Net increase (decrease) from redeemable unit transactions	(20,698)	(22,020)	(15,714)	3,913	246	700	(36,166)	(17,407)
Net increase (decrease) in net assets attributable to holders of redeemable units	(20,113)	(21,731)	(14,863)	4,446	404	834	(34,572)	(16,451)
Net assets attributable to holders of redeemable units at the end of year	96,010	116,123	83,473	98,336	5,834	5,430	185,317	219,889

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

JFT Strategies Fund

Financial Statements

Statements of Cash Flows

for the years ended December 31 (in \$000's)

	2019	2018
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	7,475	956
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(16,495)	(7,785)
Unrealized foreign exchange (gain) loss on cash	(548)	(1,026)
Commissions	673	878
Change in unrealized (appreciation) depreciation in value of investments and derivatives	4,754	6,674
Proceeds from sale and maturity of investments and derivatives	471,276	504,276
Purchase of investments and derivatives	(571,454)	(522,767)
(Increase) decrease in collateral on deposit for short sale	111,914	(14,263)
Non-cash distributions from investments	-	-
Change in daily variation margin	-	-
(Increase) decrease in dividends receivable	27	(9)
(Increase) decrease in interest receivable	323	(787)
Increase (decrease) in performance fees payable	1,534	262
Increase (decrease) in management fees payable	(14)	(8)
Amortization interest earned	-	-
Change in other accounts receivable and payable	4	(24)
Net cash from (used in) operating activities	9,469	(33,623)
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	-	-
Proceeds from issuance of redeemable units	-	699
Amounts paid on redemption of redeemable units	(42,032)	(18,294)
Net cash from (used in) financing activities	(42,032)	(17,595)
Unrealized foreign exchange gain (loss) on cash	548	1,026
Net increase (decrease) in cash	(32,563)	(51,218)
Cash (bank overdraft), beginning of year	36,834	87,026
Cash (bank overdraft), end of year	4,819	36,834
Supplementary Information:		
Dividends received, net of withholding tax*	1,228	2,314
Interest received, net of withholding tax*	4,278	2,676
Dividends paid*	(1,319)	(2,003)
Interest paid*	(40)	-
Tax recoverable (paid)	-	-

*Dividends and interest received as well as dividends and interest paid relate to operating activities of the Fund. The accompanying notes are an integral part of these financial statements.

JFT Strategies Fund

Schedule of Investment Portfolio as at December 31, 2019

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS					
EQUITIES					
Communication Services					
USD	930	Alphabet Inc., Class 'A'	1,524,508	1,617,516	
	38,900	BCE Inc., Preferred, Series 'AK', Variable Rate, Perpetual	565,632	541,877	
USD	7,020	Walt Disney Co. (The)	1,283,377	1,318,421	
			3,373,517	3,477,814	1.88%
Consumer Discretionary					
	5,200	A&W Revenue Royalties Income Fund	192,980	200,616	
	15,200	Canada Goose Holdings Inc.	709,134	714,552	
USD	5,223	Century Communities Inc.	114,540	185,497	
	1,149,787	Diversified Royalty Corp.	3,186,888	3,610,331	
	24,500	Pizza Pizza Royalty Corp.	228,915	239,365	
	4,900	Recipe Unlimited Corp.	92,757	95,452	
	10,300	Restaurant Brands International Inc.	937,275	852,634	
			5,462,489	5,898,447	3.18%
Consumer Staples					
	10,200	George Weston Ltd.	1,060,339	1,050,804	
	5,100	George Weston Ltd., 5.20%, Preferred, Series 'IV', Perpetual	119,378	125,001	
	615,846	Ionic Brands Corp., Warrants, 2019/09/16, Restricted	-	1	
	190,725	Mimi's Rock Corp.	128,707	72,476	
			1,308,424	1,248,282	0.67%
Energy					
	156,700	CES Energy Solutions Corp.	327,599	365,111	
	70,200	Crescent Point Energy Corp.	350,526	406,458	
USD	22,500	Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	591,484	554,838	
	26,500	Enerflex Ltd.	312,284	324,095	
	109,070	Freehold Royalties Ltd.	787,294	795,120	
	238,900	Prophecy Development Corp.	95,560	90,854	
	155,100	Questor Technology Inc.	626,326	769,296	
	12,700	Suncor Energy Inc.	543,911	540,512	
			3,634,984	3,846,284	2.08%
Financials					
	14,400	Accord Financial Corp.	131,817	145,008	
USD	95,300	Apex Technology Acquisition Corp.	1,261,915	1,296,919	
USD	1,061,100	Bespoke Capital Acquisition Corp., Class 'A'	14,048,963	13,379,326	
USD	397,050	Bespoke Capital Acquisition Corp., Class 'A', Warrants, 2027/08/16	-	386,692	
	20,200	Brookfield Asset Management Inc., Class 'A'	1,181,840	1,515,606	
	8,900	Brookfield Asset Management Inc., Preferred, Class 'A', Series '26', Variable Rate, Perpetual	147,131	144,892	
	16,800	Canaccord Genuity Group Inc.	79,735	81,312	
	9,500	ECN Capital Corp., Preferred, Series 'A', Variable Rate, Perpetual	224,873	202,303	
	19,071	Fiera Capital Corp.	218,803	223,321	
USD	96,200	Finserv Acquisition Corp.	1,266,473	1,273,565	
USD	1,620,600	Mercer Park Brand Acquisition Corp., Class 'A'	21,540,542	20,623,414	
USD	247,600	Mercer Park Brand Acquisition Corp., Class 'A', Warrants, 2024/06/24	-	254,002	
	17,900	Power Corp. of Canada, 5.00%, Preferred, Series 'D', Perpetual	394,156	418,681	
USD	24,500	PropTech Acquisition Corp.	325,642	328,325	
USD	2,074,000	Subversive Capital Acquisition Corp., Class 'A'	26,223,583	26,231,695	
USD	1,037,000	Subversive Capital Acquisition Corp., Warrants, 2024/08/26	806,859	1,413,926	
	14,300	Trisura Group Ltd.	377,520	575,861	
USD	2,400	Tuscan Holdings Corp.	31,482	31,041	
			68,261,334	68,525,889	36.97%
Health Care					
	119,100	Ayr Strategies Inc.	1,272,017	1,458,975	
	363,600	Ayr Strategies Inc., Warrants, 2024/05/24	1,419,066	1,090,800	

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

JFT Strategies Fund

Schedule of Investment Portfolio as at December 31, 2019 (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS (cont'd)					
EQUITIES (cont'd)					
Health Care (cont'd)					
USD	8,500	Bausch Health Cos. Inc.	329,411	330,247	
	51,712	Britannia Bud Canada Holdings Inc., Subscription Receipts	69,811	69,811	
	144,307	Extendicare Inc.	1,132,592	1,217,951	
USD	24,500	Healthcare Merger Corp.	323,106	329,280	
	24,993	IMV Inc.	151,496	94,224	
	6,975,500	Kalytera Therapeutics Inc., Warrants, 2022/04/26	-	104,633	
	91,470	Medexus Pharmaceuticals Inc., Warrants, 2023/10/16, Restricted	-	-	
	231,250	Profound Medical Corp.	2,068,107	3,410,937	
	118,550	Profound Medical Corp., Warrants, 2021/09/20	-	-	
	226,350	Profound Medical Corp., Warrants, 2023/03/20	-	16,976	
	78,230	Trulieve Cannabis Corp., Warrants, 2022/06/18	161,345	254,248	
			6,926,951	8,378,082	4.52%
Industrials					
	34,300	Andlauer Healthcare Group Inc.	552,697	687,715	
	54,565	Badger Daylighting Ltd.	2,062,851	1,917,414	
	1,568,300	Canaccord Genuity Growth II Corp., Class 'A'	4,777,996	4,689,217	
	108,290	Chorus Aviation Inc.	773,622	876,066	
	174,900	IBI Group Inc.	793,857	1,014,420	
	8,500	TFI International Inc.	379,538	372,045	
	233,100	Xebec Adsorption Inc.	296,503	501,165	
	233,100	Xebec Adsorption Inc., Warrants, 2020/07/04	29,837	128,205	
			9,666,901	10,186,247	5.50%
Information Technology					
USD	65	Everledger Ltd.	365,342	-	
	78,500	goNumerical Ltd.	1,218,320	80,070	
	253,900	HashChain Technology Inc., Warrants, 2020/01/10, Restricted	-	-	
	17,600	Open Text Corp.	917,957	1,007,072	
	16,000	Photon Control Inc.	19,822	22,080	
	39,920	Vecima Networks Inc.	372,761	413,172	
USD	4,390	Visa Inc., Class 'A'	730,803	1,071,149	
			3,625,005	2,593,543	1.40%
Investment Funds					
	33,400	Sprott Physical Gold and Silver Trust	629,029	634,946	
			629,029	634,946	0.34%
Materials					
	134,800	AirBoss of America Corp.	1,035,625	1,182,196	
	3,053,000	Amarillo Gold Corp., Restricted	610,600	641,130	
	3,053,000	Amarillo Gold Corp., Warrants, 2021/08/29, Restricted	-	3	
	2,963,500	American Creek Resources Ltd., Restricted	234,117	263,455	
	2,963,500	American Creek Resources Ltd., Warrants, 2021/09/06	2,964	3	
	220,400	Benchmark Metals Inc., Restricted	66,120	81,614	
	110,200	Benchmark Metals Inc., Warrants, 2021/09/27	-	-	
	901,500	Brixton Metals Corp.	162,270	202,838	
	783,500	Brixton Metals Corp., Warrants, 2021/08/09	-	1	
	63,600	Burcon NutraScience Corp.	49,651	61,692	
	1,631,733	Palladium One Mining Inc	97,904	286,859	
	407,933	Palladium One Mining Inc., Warrants, 2020/12/02	-	14,278	
	815,867	Palladium One Mining Inc., Warrants, 2021/12/06	-	69,349	
	1,119,200	Rio2 Ltd.	447,680	447,680	
	708,650	Rio2 Ltd., Warrants, 2022/08/13, Restricted	-	1	
	794,000	Warrior Gold Inc.	71,460	62,726	
	397,000	Warrior Gold Inc., Warrants, 2020/09/25	-	-	
			2,778,391	3,313,825	1.79%

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

JFT Strategies Fund

Schedule of Investment Portfolio as at December 31, 2019 (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS (cont'd)					
EQUITIES (cont'd)					
Real Estate					
	69,800	Brookfield Office Properties Inc., 6.15%, Preferred, Class 'AAA', Series 'N', Perpetual	1,184,276	1,153,096	
	5,100	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'AA', Variable Rate, Perpetual	96,173	91,290	
	47,900	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual	896,832	866,032	
	9,100	Brookfield Office Properties Inc., Preferred, Series 'P', Variable Rate, Perpetual	139,608	150,605	
	90,400	Cominar REIT	1,112,787	1,280,064	
	127,811	Inovalis REIT	1,218,378	1,362,465	
	255,530	Nabis Holdings Inc., Warrants, 2022/03/26, Restricted	-	1,278	
	1,450,798	Nexus REIT	2,621,454	3,148,232	
USD	68,360	WPT Industrial REIT	1,125,677	1,224,123	
			8,395,185	9,277,185	5.01%
Utilities					
	7,300	Innergex Renewable Energy Inc., Preferred, Series A', Variable Rate, Perpetual	96,514	104,463	
	372,500	Jade Power Trust, Warrants, 2020/01/08	-	-	
	48,500	Superior Plus Corp.	585,476	609,160	
			681,990	713,623	0.39%
Total Equities			114,744,200	118,094,167	63.73%
BONDS					
Canada					
	342,300	AutoCanada Inc., 5.63%, May 25, 2021	342,300	333,814	
	2,452,000	Fiera Capital Corp., 5.60%, July 31, 2024	2,454,427	2,507,170	
	462,000	Ionic Brands Corp., Restricted, 8.00%, May 16, 2022	462,000	115,500	
	186,000	Nabis Holdings Inc., Restricted, 8.00%, March 26, 2022	186,000	91,140	
	345,700	Parkland Fuel Corp., 5.50%, May 28, 2021	345,700	351,102	
USD	3,432,000	Trulieve Cannabis Corp., 9.75%, June 18, 2024	4,521,060	4,055,527	
			8,311,487	7,454,253	4.02%
Government of Canada & Guaranteed					
	9,323,000	Government of Canada, 0.75%, March 1, 2021	9,379,792	9,217,308	
	9,057,100	Government of Canada, 1.25%, February 1, 2020	8,969,246	9,052,395	
	21,907,600	Government of Canada, 1.75%, May 1, 2020	21,853,927	21,908,521	
	7,000,000	Province of Ontario, 2.30%, September 8, 2024	7,058,380	7,081,092	
			47,261,345	47,259,316	25.50%
Total Bonds			55,572,832	54,713,569	29.52%
CONVERTIBLE DEBENTURES					
	660,000	Accord Financial Corp., 7.00%, December 31, 2023	652,268	693,495	
	1,897,000	AG Growth International Inc., 5.00%, December 31, 2020	1,908,322	1,900,794	
	1,396,000	Alaris Royalty Corp., 5.50%, June 30, 2024	1,345,974	1,406,121	
	273,000	Alcanna Inc., 4.70%, January 31, 2022	279,767	259,268	
	2,696,000	Canaccord Genuity Group Inc., 6.25%, December 31, 2023	2,732,110	2,802,492	
	2,050,000	Cardinal Energy Ltd., 5.50%, December 31, 2020	2,029,880	2,050,000	
	382,000	Chemtrade Logistics Income Fund, 5.00%, August 31, 2023	383,718	356,597	
	4,977,000	Diversified Royalty Corp., 5.25%, December 31, 2022	4,958,752	5,105,407	
	1,786,000	Element Fleet Management Corp., 4.25%, June 30, 2020	1,795,529	1,794,394	
	562,300	Fiera Capital Corp., 5.00%, June 30, 2023	562,300	590,246	
USD	167,000	Fortuna Silver Mines Inc., 4.65%, October 31, 2024	221,250	247,218	
	1,966,000	IBI Group Inc., 5.50%, December 31, 2021	2,003,522	1,991,558	
	1,662,000	Medexus Pharmaceuticals Inc., Restricted, 6.00%, October 16, 2023	1,662,000	1,578,900	
	168,000	NorthWest Healthcare Properties Real Estate Investment Trust, 5.50%, December 31, 2023	173,250	178,046	

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

JFT Strategies Fund

Schedule of Investment Portfolio as at December 31, 2019 (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS (cont'd)					
CONVERTIBLE DEBENTURES (cont'd)					
	105,000	NorthWest Healthcare Properties REIT, 5.25%, December 31, 2021	107,330	111,101	
	802,000	Supreme Cannabis Co. Inc. (The), 6.00%, October 19, 2021	661,390	525,711	
USD	196,000	Tilray Inc., 5.00%, October 01, 2023	170,424	136,166	
USD	5,616,000	Tricon Capital Group Inc., 5.75%, March 31, 2022	7,657,603	7,566,132	
Total Convertible Debentures			29,305,389	29,293,646	15.81%
Total Long Positions			199,622,421	202,101,382	109.06%
SHORT POSITIONS					
EQUITIES					
Communication Services					
USD	(500)	Netflix Inc.	(191,869)	(210,086)	
USD	(970)	Spotify Technology SA	(172,057)	(188,372)	
			(363,926)	(398,458)	(0.22)%
Consumer Discretionary					
USD	(4,200)	Acushnet Holdings Corp.	(177,361)	(177,252)	
	(1,700)	Canadian Tire Corp. Ltd., Class 'A'	(237,841)	(237,575)	
USD	(1,400)	Carvana Co.	(149,298)	(167,344)	
USD	(7,800)	Chewy Inc.	(290,020)	(293,732)	
USD	(1,400)	Dillard's Inc., Class 'A'	(126,817)	(133,584)	
USD	(1,270)	Hyatt Hotels Corp., Class 'A'	(149,321)	(147,946)	
	(7,300)	Keg Royalties Income Fund (The)	(117,322)	(111,471)	
	(3,800)	Magna International Inc.	(250,985)	(270,560)	
USD	(2,400)	Papa John's International Inc.	(143,229)	(196,808)	
	(4,900)	Spin Master Corp.	(192,570)	(193,746)	
USD	(380)	Tesla Motors Inc.	(116,390)	(206,425)	
USD	(1,600)	Wingstop Inc.	(157,582)	(179,158)	
			(2,108,736)	(2,315,601)	(1.25)%
Consumer Staples					
USD	(4,900)	Campbell Soup Co.	(312,923)	(314,454)	
	(10,700)	High Liner Foods Inc.	(79,123)	(88,061)	
USD	(2,400)	Kellogg Co.	(206,885)	(215,539)	
	(31,700)	Neptune Wellness Solutions Inc.	(154,018)	(113,486)	
	(2,400)	Premium Brands Holdings Corp.	(214,781)	(218,304)	
	(72,100)	SunOpta Inc.	(356,869)	(232,883)	
USD	(1,900)	Walmart Inc.	(253,802)	(293,207)	
			(1,578,401)	(1,475,934)	(0.80)%
Energy					
	(4,600)	Keyera Corp.	(145,001)	(156,492)	
	(60,200)	NexGen Energy Ltd.	(123,478)	(100,534)	
	(17,900)	Tervita Corp.	(162,027)	(132,639)	
			(430,506)	(389,665)	(0.21)%
Financials					
USD	(370)	Credit Acceptance Corp.	(211,333)	(212,523)	
	(4,900)	National Bank of Canada	(331,063)	(353,192)	
			(542,396)	(565,715)	(0.31)%
Health Care					
	(22,225)	Aurora Cannabis Inc.	(87,573)	(62,008)	
	(13,200)	Canopy Growth Corp.	(343,030)	(360,492)	
	(16,200)	CRH Medical Corp.	(65,124)	(72,900)	
	(59,650)	Flowr Corp. (The)	(224,429)	(118,107)	
	(1,700)	Medexus Pharmaceuticals Inc.	(6,613)	(6,698)	
			(726,769)	(620,205)	(0.33)%

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

JFT Strategies Fund

Schedule of Investment Portfolio as at December 31, 2019 (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
SHORT POSITIONS (cont'd)					
EQUITIES (cont'd)					
Industrials					
	(1,000)	Boyd Group Income Fund	(199,012)	(202,000)	
	(4,900)	CAE Inc.	(175,690)	(168,462)	
	(2,400)	Canadian National Railway Co.	(294,336)	(281,928)	
	(21,500)	CanWel Building Materials Group Ltd.	(93,694)	(115,240)	
	(2,000)	Cargojet Inc.	(145,264)	(206,660)	
	(20,900)	Exco Technologies Ltd.	(181,907)	(165,737)	
	(5,900)	Morneau Shepell Inc.	(199,901)	(199,361)	
	(7,300)	NFI Group Inc.	(197,750)	(194,545)	
	(13,250)	Savaria Corp.	(191,306)	(184,838)	
USD	(8,800)	Uber Technologies Inc.	(375,371)	(339,846)	
			(2,054,231)	(2,058,617)	(1.10)%
Information Technology					
	(10,300)	Absolute Software Corp.	(85,549)	(89,610)	
USD	(700)	Apple Inc.	(203,300)	(266,923)	
	(2,000)	CGI Inc.	(221,136)	(217,340)	
	(2,000)	Kinaxis Inc.	(212,051)	(200,040)	
USD	(1,200)	Okta Inc.	(171,442)	(179,776)	
USD	(340)	Shopify Inc., Class 'A'	(176,837)	(175,534)	
	(7,600)	TECSYS Inc.	(109,488)	(162,412)	
			(1,179,803)	(1,291,635)	(0.70)%
Investment Funds					
	(13,500)	Horizons Medical Marijuana Life Sciences ETF, Class 'A'	(137,865)	(118,125)	
USD	(12,330)	Invesco QQQ Trust, Series '1'	(3,349,700)	(3,404,126)	
USD	(16,200)	iShares iBoxx High Yield Corporate Bond ETF	(1,808,452)	(1,849,951)	
USD	(33,200)	iShares MSCI Canada ETF	(1,245,841)	(1,288,614)	
USD	(19,700)	iShares MSCI Emerging Markets ETF	(1,148,836)	(1,147,839)	
USD	(33,700)	iShares MSCI Hong Kong ETF	(1,152,477)	(1,064,708)	
	(36,700)	iShares S&P/TSX 60 Index ETF	(956,446)	(938,052)	
USD	(12,200)	SPDR Bloomberg Barclays High Yield Bond ETF	(1,705,695)	(1,735,367)	
USD	(15,235)	SPDR S&P 500 ETF Trust	(6,147,300)	(6,367,488)	
			(17,652,612)	(17,914,270)	(9.67)%
Materials					
	(4,400)	CCL Industries Inc., Class 'B'	(248,663)	(243,408)	
			(248,663)	(243,408)	(0.13)%
Real Estate					
	(4,100)	Altus Group Ltd.	(147,319)	(155,636)	
	(8,500)	CT REIT	(137,605)	(137,190)	
	(23,700)	StorageVault Canada Inc.	(74,418)	(87,927)	
	(16,000)	Tricon Capital Group Inc.	(158,744)	(170,080)	
			(518,086)	(550,833)	(0.30)%
Utilities					
	(9,300)	Innergex Renewable Energy Inc.	(151,985)	(156,798)	
			(151,985)	(156,798)	(0.08)%
Total Equities			(27,556,114)	(27,981,139)	(15.10)%
Total Short Positions			(27,556,114)	(27,981,139)	(15.10)%
SHORT-TERM INVESTMENTS					
	5,000,000	Province of Alberta Discount Note, 1.499%, January 7, 2020	4,989,700	4,989,700	
	16,000,000	Province of Alberta Discount Note, 1.713%, February 11, 2020	15,936,160	15,936,160	
	13,000,000	Province of Ontario Treasury Bill, 1.730%, April 1, 2020	12,773,280	12,773,280	
Total Short-Term Investments			33,699,140	33,699,140	18.18%
Adjustment for transaction costs			(156,225)		
Total Investments			205,609,222	207,819,383	112.14%
Other Net Assets (Liabilities)				(22,502,040)	(12.14)%
Net Assets Attributable to Holders of Redeemable Units				185,317,343	100.00%

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Interest in Unconsolidated Structured Entities (Note 2)

The following tables present the Fund's interest in Unconsolidated Structured Entities.

as at December 31, 2019

Unconsolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETF(s) (in \$000's)	Fair Value of the Fund's Investment in the Underlying Fund(s) / ETF(s) (in \$000's)	Ownership in the Underlying Fund(s) / ETF(s) (%)
Sprott Physical Gold and Silver Trust	3,703,736	635	-

as at December 31, 2018

Unconsolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETF(s) (in \$000's)	Fair Value of the Fund's Investment in the Underlying Fund(s) / ETF(s) (in \$000's)	Ownership in the Underlying Fund(s) / ETF(s) (%)
iShares Russell 2000 ETF	54,437,840	2,796	-
SPDR S&P 500 ETF Trust	336,270,762	6,449	-

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Commissions (Note 2)

for the years ended December 31 (in \$000's)

	2019	2018
Brokerage commissions	673	878
Soft dollar commissions [†]	-	-

Redeemable Unit Transactions (Note 4)

for the years ended December 31

	Class A		Class F		Private Placement Class	
	2019	2018	2019	2018	2019	2018
Number of redeemable units at the beginning of year	8,075,346	9,617,447	6,521,148	6,292,242	285,093	247,500
Redeemable units issued for cash	-	-	-	-	-	37,593
Redeemable units issued for reinvested distributions	-	-	-	-	-	-
Redeemable units redeemed	(1,807,548)	(819,229)	(1,081,522)	(461,198)	-	-
Units converted from Private Placement to Class A	-	-	-	-	-	-
Units converted from Class F to Class A	611,562	357,382	(582,388)	(341,747)	-	-
Units converted from Class A to Class F	(464,430)	(1,080,254)	442,297	1,031,851	-	-
Number of redeemable units at the end of year	6,414,930	8,075,346	5,299,535	6,521,148	285,093	285,093

[†]A portion of brokerage commissions paid was used to cover research and market data services, termed soft dollar commissions. This amount has been estimated by the Manager of the Fund. The accompanying notes are an integral part of these financial statements.

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Management and Dealer Service Fee Rate (Note 5)

as at December 31, 2019 (%)

	Annual management fee rate:	Dealer service fee rate:
Class A	1.50	0.50
Class F	1.50	-
Private Placement Class	-	-

Securities Lending (Note 6)

as at December 31 (in \$000's)

	2019	2018
Loaned	-	-
Collateral (non-cash)	-	-

Securities Lending Revenue Reconciliation (Note 6)

for the years ended December 31 (in \$000's)

	2019	2018
Gross securities lending revenue	-	-
Charges	-	-
Securities lending revenue	-	-
% of gross securities lending revenue	-	-

Loss Carry Forwards (Note 7)

as at December 31 (in \$000's)

	2019
Capital loss carried forward:	-
Non-capital losses expiring:	
2029	-
2030	-
2031	-
2032	-
2033	-
2034	-
2035	-
2036	461
2037	3,459
2038	-
2039	-
Total	3,920

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Financial Instruments Risks (Note 10)

Concentration Risk

For Concentration Risk as at December 31, 2019, refer to the Schedule of Investment Portfolio.

The Fund's investments were concentrated in the following segments:

as at December 31, 2018

Categories	Net Assets (%)
Long Positions	
Equities	
Communication Services	0.73
Consumer Discretionary	4.30
Energy	3.09
Financials	10.52
Health Care	2.79
Industrials	1.37
Information Technology	2.05
Investment Funds	4.20
Materials	0.08
Real Estate	2.58
Utilities	0.69
Bonds	
Canada	2.52
Government of Canada & Guaranteed	25.50
U.S.A.	2.14
Convertible Debentures	7.04
Other Net Assets (Liabilities)	51.97
Short Positions	
Equities	
Communication Services	(0.60)
Consumer Discretionary	(2.85)
Consumer Staples	(1.36)
Energy	(0.30)
Financials	(0.32)
Health Care	(2.95)
Industrials	(1.18)
Information Technology	(0.90)
Investment Funds	(8.71)
Materials	(0.77)
Real Estate	(1.06)
Utilities	(0.57)

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Credit Risk

The Fund was invested in fixed income securities, with the following credit ratings, as per the tables below.

as at December 31, 2019

Credit Rating ^{^*}	Net Assets (%)
AAA/Aaa/A++	21.7
A	22.0
BBB/Baa/B++	2.5
BB/Ba/B+	0.2
CCC/Caa/C++	0.2
Not Rated	16.9
Total	63.5

as at December 31, 2018

Credit Rating ^{^*}	Net Assets (%)
AAA	27.78
A	-
BB	0.31
B	0.15
CCC	-
C and Lower	0.73
Not Rated	8.23

[^]Credit ratings are obtained from S&P Global Ratings, where available, otherwise ratings are obtained from: Moody's Investors Service or Dominion Bond Rating Service, respectively.

*Refer to Note 10 for Credit Rating Chart reference.

Other Price Risk

As at December 31, 2019 and 2018, the Fund was invested in Canadian equities and therefore was sensitive to changes in general economic conditions in Canada, however some of the Fund's assets were invested in fixed income securities.

As at December 31, 2019, had the equities in the investment portfolio increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have increased or decreased, respectively, by approximately \$9,011,000. In practice, actual results may differ from this analysis and the difference may be material.

The table below indicates how net assets attributable to holders of redeemable units would have increased or decreased had the value of the Fund's benchmark(s) increased or decreased by 10%. This change is estimated based on the historical correlation between the return of the Fund's securities as compared to the return of the benchmark(s), as at year end, with all other variables held constant. The historical correlation may not be representative of the future correlation, and accordingly the impact on net assets attributable to holders of redeemable units could be different.

Impact on Net Assets Attributable to Holders of Redeemable Units

December 31, 2018

Benchmark	\$
S&P/TSX Composite Total Return Index	354,795

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Currency Risk

The table below summarizes the Fund's exposure to currency risk.

as at December 31, 2019[~]

Currency	Financial Instruments			Net Exposure (in \$000's)	Net Assets (%)
	Exposure (in \$000's)	Derivatives (in \$000's)			
U.S. Dollar	36,277	-		36,277	19.6
Total	36,277	-		36,277	19.6

[~]Includes monetary and non-monetary instruments.

As at December 31, 2019, had the Canadian dollar strengthened or weakened by 10% in relation to all other foreign currencies held in the Fund, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$3,628,000. In practice, actual results may differ from this analysis and the difference may be material.

as at December 31, 2018

The table below indicates the foreign currencies to which the Fund has significant exposure in Canadian dollar terms, including any underlying principal amount of forward foreign currency contracts. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units of the Fund, all other variables held constant, as a result of a 5% change in these currencies relative to the Canadian dollar.

Currency	Investments	Cash	Other	Forward Foreign Currency Contracts	Total	Impact on Net Assets
	\$	\$	\$	\$	\$	\$
British pound	-	863,921	-	-	863,921	43,196
Euro	-	-	727	-	727	36
United States dollar	37,849,475	3,863,890	(6,209,295)	-	35,504,070	1,775,204
Total	37,849,475	4,727,811	(6,208,568)	-	36,368,718	1,818,436
As a % of Net Assets	17.2	2.2	(2.8)	-	16.6	0.8

Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk, categorized by the contractual maturity date.

as at December 31, 2019

Interest Rate Exposure	Less than 1 Year	1 - 3 Years	3 - 5 Years	Greater than 5 Years	Total
	(in \$000's)	(in \$000's)	(in \$000's)	(in \$000's)	(in \$000's)
	66,454	24,513	26,739	-	117,706

As at December 31, 2019, had the prevailing interest rates increased or decreased by 0.25%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$379,000. In practice, actual results may differ from this analysis and the difference may be material.

as at December 31, 2018

	Fair Value \$
Less than 1 year	13,921,549
1 - 3 years	56,473,335
3 - 5 years	11,402,610
Greater than 5 years	-

As at December 31, 2018, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased, respectively, by approximately \$1,448,426 or 0.66% of net assets.

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

Long Positions at fair value as at December 31, 2019

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	117,944	-	150	118,094
Bonds	-	54,598	116	54,714
Convertible debentures	-	29,294	-	29,294
Short-term investments	-	33,699	-	33,699
Total	117,944	117,591	266	235,801

Short Positions at fair value as at December 31, 2019

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	(27,981)	-	-	(27,981)
Total	(27,981)	-	-	(27,981)

Long Positions at fair value as at December 31, 2018

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Equities	66,814,691	1,471,097	2,984,362	71,270,150
Bonds	-	65,962,053	360,800	66,322,853
Convertible debentures	-	15,474,641	-	15,474,641
Total	66,814,691	82,907,791	3,345,162	153,067,644
Financial liabilities				
Equities	47,454,441	-	-	47,454,441
Total	47,454,441	-	-	47,454,441

There were no transfers between Level 1 and 2 and Level 1 and 3 during the years ended December 31, 2019 and 2018.

Level 3 Reconciliation

The table below summarizes the movement in financial instruments classified as Level 3.

for the year ended December 31, 2019

	Balance at Dec. 31, 2018 (in \$000's)	Purchases (in \$000's)	Sales (in \$000's)	Transfers In (in \$000's)	Transfers (Out) (in \$000's)	Realized Gain (Loss) (in \$000's)	Unrealized Gain (Loss)* (in \$000's)	Balance at Dec. 31, 2019 (in \$000's)
Long Positions/Assets:								
Equities	2,984	70	-	-	(2,571)	-	(333)	150
Bonds	361	462	(405)	-	-	(46)	(256)	116
Total	3,345	532	(405)	-	(2,571)	(46)	(589)	266

*Change in unrealized gain (loss) related to investments held at December 31, 2019 was \$766,000.

During the year ended December 31, 2019, investments with a fair value of \$2,571,000 were transferred out of Level 3 into Level 2 as observable market inputs became available for these investments.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable units of the Fund as at December 31, 2019.

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements

Level 3 Reconciliation (cont'd)

for the year ended December 31, 2018

During the year ended December 31, 2018, the reconciliation of Level 3 investments measured using non-observable inputs is presented as follows:

	\$
Beginning balance	2,570,925
Purchases	4,975,367
Sales	(1,947,560)
Net transfers (out of) Level 3	(939,850)
Net transfers (in to) Level 3	-
Realized gains (losses)	40,849
Change in unrealized appreciation (depreciation)	(1,354,569)
Ending balance	3,345,162

During the year ended December 31, 2018, investments with a fair value of \$939,850 were transferred out of Level 3 into Level 2 as observable market inputs became available for these investments.

The following section discusses the significant unobservable inputs for individually material Level 3 positions and quantitatively outlines the inputs used to calculate fair value in accordance with IFRS 13, *Fair Value Measurement*.

The table below presents the valuation technique and the nature of significant input used to determine the fair value of the Level 3 investments:

as at December 31, 2018

	Fair Value \$	Valuation Techniques	Significant Unobservable Inputs
Vireo Health LLC., Preferred, Series 'D'	1,333,118	Recent transaction price	Recent transaction price
Blacklist Finco Inc., Subscription Receipt	408,700	Recent transaction price	Recent transaction price
SLANG Worldwide Inc.	267,930	Recent transaction price	Recent transaction price
Mimi's Rock Inc.	471,000	Recent transaction price	Recent transaction price
ALQ Gold Corp	180,400	Recent transaction price	Recent transaction price
Emblem Corp., 8.00%, February 2, 2021	360,800	Recent transaction price	Estimated sale price, Discount
Everledger Ltd.	79,864	Market comparable analysis	Estimated sale price, Discount
goNumerical Ltd.	243,350	Market comparable analysis	Estimated sale price, Discount

The above investments are valued using the valuation techniques detailed below:

Recent Transaction price: The investments are valued based on recent completed third party transaction, which may include external financing, secondary market trades or other transactions near the measurement dates.

JFT Strategies Fund

Notes to the Financial Statements

1. THE FUND

JFT Strategies Fund (the Fund) was formed as an investment trust under the laws of the Province of Ontario on April 23, 2012.

On July 1, 2019, First Asset Investment Management Inc. amalgamated with CI Investments Inc. (CI). Effective July 1, 2019, CI became the manager and trustee (the Manager and the Trustee) of the Fund. CI is a subsidiary of CI Financial Corp. CIBC Mellon Trust Company is the custodian (the Custodian) of the Fund.

Timelo Investment Management Inc. is the Portfolio Advisor (Portfolio Advisor) of the Fund.

The Fund's registered office is at 2 Queen Street East, Suite 2000, Toronto, Canada, M5C 3G7. These financial statements were authorized for issue by the Manager on March 12, 2020.

The Fund's investment objective is to maximize return on investment to unitholders while seeking to mitigate market risk and volatility by investing in an actively managed portfolio of long and short positions in any one or a combination of equities, debt securities or other securities.

The Statements of Financial Position are as at December 31, 2019 and 2018. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are for the years ended December 31, 2019 and 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in compliance with *International Financial Reporting Standards* (IFRS) as published by the International Accounting Standards Board.

The following is a summary of the significant account policies of the Fund:

a. Classification and recognition of financial instruments

The Fund classifies and measure its investments (such as fixed-income securities, equity securities, investment fund(s), exchange-traded fund(s) and derivatives) based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's 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 contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives are measured at fair value through profit or loss (FVTPL). Short sales are classified as financial liabilities at FVTPL.

The Fund's obligations for net assets attributable to holders of redeemable units are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortized cost, which approximates their fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Financial assets and liabilities are offset, and the net amount is presented in the Statements of Financial Position when, and only when, the Fund has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for

the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

b. Fair value of financial investments

At the financial reporting date, listed securities are valued based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the existing market conditions. Unlisted securities are valued based on price quotations received from recognized investment dealers, or failing that, their fair value is determined by the Manager based on the latest reported information available. Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, and terms of the warrant. Fixed-income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation received from recognized investment dealers. Underlying fund(s) are valued on each business day at their net asset value as reported by the underlying fund(s)' managers.

The fair value of private placements and other securities where there are significant unobservable inputs is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private placements are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

c. Cash

Cash is comprised of cash on deposit and bank overdraft.

d. Cost of investments

Cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and transaction costs.

e. Investment transactions and income recognition

Investment transactions are recorded on the trade date - the date on which the Fund commits to purchase or sell the investment. The "Interest for distribution purposes" shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund and is accounted for on an accrual basis.

Dividends from investments are recognized on the ex-dividend/ex-distribution date.

f. Foreign exchange

The Fund's functional and presentation currency is the Canadian dollar. Foreign currency amounts are translated into the functional currency as follows: fair value of investments, foreign currency forward contracts and other assets and liabilities at the closing rate of exchange on each business day; income and expenses, purchases and sales and settlements of investments at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as "Foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss) on sale of investments and derivatives" and "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income.

JFT Strategies Fund

Notes to the Financial Statements (cont'd)

g. Unit valuation

Net asset value (NAV) per unit of each class is calculated at the end of each day on which the Toronto Stock Exchange is open for business by dividing the total NAV of each class of the Fund by the number of units of that class outstanding.

The NAV of each class is computed by calculating the value of that class' proportionate share of the Fund's assets less that 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. Other income and expenses, and gains and losses, are allocated to each class proportionately based upon the relative total NAV of each class.

As at December 31, 2019 and 2018, there were no differences between the NAV used for transactions with unitholders and the net assets attributable to holders of redeemable units used for reporting purposes under IFRS.

h. Classification of units

The units of the Fund are classified as financial liabilities in accordance with IAS 32, as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

i. Commissions and other portfolio transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in "Commissions and other portfolio transaction costs" in the Statements of Comprehensive Income.

j. Increase (decrease) in net assets attributable to holders of redeemable units

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statements of Comprehensive Income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units of each class of a Fund by the weighted average number of units of that class outstanding during the year.

k. Short selling

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. As the Fund borrows a security from the broker, the Fund is required to maintain a margin account with the broker containing cash or liquid securities. The cash held on margin in respect of short sale activity is included in the "Collateral on deposit for short sale" in the Statements of Financial Position. The maximum loss on securities sold short can be unlimited. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gain or loss that would be realized if the position was to be closed out on the valuation date is reflected in the Statements of Comprehensive Income as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives". When the short position is closed out, gains and losses are realized and included in "Net realized gain (loss) on sale of investments and derivatives" in the Statements of Comprehensive Income. Fees paid to a broker for borrowing a security are included in "Securities borrowing fees" in the Statements of Comprehensive Income.

l. Investments in associates, joint ventures, subsidiaries and unconsolidated structured entities

Subsidiaries are entities, including investments in other investment entities, over which a Fund has control. A Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

Associates and joint ventures are investments over which a Fund has significant influence or joint control. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding, who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Manager has determined that underlying fund(s) or exchange-traded fund(s) (ETF(s)) held by the Fund meet the definition of unconsolidated structured entities. Mortgage-backed securities or asset-backed securities are also considered to be unconsolidated structured entities. The Fund account for its investments in unconsolidated structured entities at FVTPL.

The Fund invests in underlying fund(s) therefore the Fund is a subject to the terms and conditions of the respective underlying fund(s)' offering documents and are susceptible to market price risk arising from uncertainties about future values of those underlying fund(s). All the underlying fund(s) in the investment portfolio are managed by portfolio managers who are compensated by the respective underlying fund(s) for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of each of the underlying fund(s), except when the Fund invests in certain classes of the underlying fund(s) where the compensation to portfolio managers is negotiated and paid outside each of the underlying fund(s). The underlying fund(s) finance their operations by issuing redeemable units/shares that entitle the holders to an equal beneficial interest in the underlying fund(s). The Fund can redeem its investments in the underlying fund(s) on a daily basis. These investments are included in "Investments" at FVTPL in the Statements of Financial Position. All unrealized gains (losses) arising from these investments are recorded as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income until these investments are sold, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income in "Net realized gain (loss) on sale of investments and derivatives". The Fund's maximum exposure to loss from its interest in underlying fund(s) is equal to the total fair value of its investments in underlying fund(s).

The Fund invests in ETF(s) which are disclosed on the Schedule of Investment Portfolio. The Fund has determined that its investments in such ETF(s) meet definition of unconsolidated structured entities. These ETF(s) finance their operations by issuing redeemable shares which are puttable at the holder's option and entitle the holder to a proportional stake in each ETF's net asset value. The ETF(s) are domiciled in Canada or U.S. and listed on recognized public stock exchanges. The Fund's maximum exposure to loss from its interest in ETF(s) is equal to the total fair value of its investments in the ETF(s).

Information related to Interest in Unconsolidated Structured Entities appears under the Fund Specific Notes to Financial Statements.

m. Withholding taxes

A Fund may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

n. Harmonized sales tax

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax (PST) with the federal goods and services tax (GST). The Harmonized Sales Tax (HST) combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax (QST) of 9.975%. The Provincial HST liability or refund is calculated using the residency of unitholders and the value of their interest in the Fund as at specific times, rather than the physical location of the Fund. The effective sales tax rate charged to the Fund is based on the unitholders' proportionate investments by province, using each province's HST rate,

JFT Strategies Fund

Notes to the Financial Statements (cont'd)

GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as "Harmonized sales tax" in the Statements of Comprehensive Income.

o. Comparative balances

The comparative financial statements have been reclassified from the statements previously presented in order to conform to the presentation of the current year financial statements. Certain balances have been combined or disaggregated in order to conform to the current year's classification of financial statement items.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting year. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing its financial statements:

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager based on the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Valuation 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.

IFRS 10

In accordance with IFRS 10 - *Consolidated Financial Statements*, the Manager has determined that the Fund meets the definition of an Investment Entity which requires that the Fund obtains funds from one or more investors for the purpose of providing investment management services, commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of its investments on a fair value basis. Consequently, the Fund does not consolidate its investment in subsidiaries, if any, but instead measure these at FVTPL, as required by the accounting standard.

4. REDEEMABLE SECURITIES

The Fund is authorized to issue an unlimited number of units of three classes, Class A units, Class F units and Private Placement units. The beneficial interests in the net assets and net income of the Fund are divided into these classes.

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 to be 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; and (iii) the management fee payable in respect of Class F units is lower than the management fee payable in respect of the Class A units by an amount equal to the service fee. Accordingly, the NAV per unit of each class will not be the same as a result of the different fees allocable to each class of units.

Commencing in 2014, unitholders are entitled to redeem their units outstanding on the Annual Redemption Date, the second last business day in January of each year. Unitholders are entitled to receive a redemption price equal to 100% of the NAV per Class A unit or Class F unit, as applicable, as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption.

In addition to the annual redemption, units may be surrendered at any time for a monthly redemption by the Fund but will be redeemed only on a Monthly Redemption Date which is the second last business day of each month (other than the Annual Redemption Date). Holders surrendering a Class A unit for redemption are entitled to receive the amount per Class A unit equal to the lesser of (i) 95% of the weighted average trading price of the Class A units on the principal exchange or market on which the Class A units are quoted for trading for the 10 business days immediately preceding the applicable Monthly Redemption Date and (ii) 100% of the closing market price on the applicable Monthly Redemption Date, less, in each case, any costs and expenses associated with the redemption including commissions and other such costs, if any, related to the liquidation of any portion of the portfolio required to fund such redemption (Monthly Redemption Amount). Holders surrendering the Class F units for redemption are entitled to receive an amount equal to the product of (i) the Monthly Redemption Amount, and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F unit and the denominator of which is the most recently calculated NAV per Class A unit.

A holder of Class F units may convert Class F units into Class A units in accordance with the Declaration of Trust and it is expected that liquidity for the Class F units is largely obtained by means of conversion into Class A units and the sale of those Class A units through the facilities of the TSX. For each Class F unit so converted, a holder receives that number of Class A units that is equal to the NAV per Class F unit as of the close of trading on the Conversion Date, the second last business day of such month, divided by the NAV per Class A unit as of the close of trading on the Conversion Date. No fractions of Class A units will be issued upon any conversion of Class F units. Any remaining fraction of a Class F unit will be redeemed at its NAV.

Commencing on October 1, 2012, a holder of Class A units may convert Class A units into Class F units, in accordance with the Declaration of Trust. For each Class A unit so converted, a holder will receive that number of Class F units equal to the NAV per Class A unit as of the close of trading on the relevant Conversion Date divided by the NAV per Class F unit as of the close of trading on such Conversion Date. No fractions of Class F units will be issued upon conversion of Class A units. Any remaining fraction of a Class A unit will be redeemed at its NAV.

The Private Placement units are redeemable on the Annual Redemption Date at the NAV per Private Placement unit and on the Monthly Redemption Date at a price equal to the product of (i) the Monthly Redemption Amount, and (ii) a fraction, the numerator of which shall be the most recently calculated NAV per Private Placement unit and the denominator of which shall be the most recently calculated NAV per Class A unit. Private Placement units may be converted on a Conversion Date into Class A

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Notes to the Financial Statements (cont'd)

units and may be issued from time to time. No management fee, performance fee or other fee is paid in respect of the Private Placement units. The Private Placement units will be non-voting except in circumstances in which amendments may disproportionately affect the rights of the holders of the Private Placement units as a class.

The Fund manages its capital in accordance with its investment objectives and strategies outlined in the Note 1 and the risk management practices disclosed in Note 10 while maintaining sufficient liquidity to meet redemptions and distributions, if any. In order to manage its capital structures, the Fund may adjust the amount of any distributions paid to unitholders.

5. FEES AND OTHER EXPENSES

Management fees

The Manager of the Fund, in consideration of management fees, provides management services required in the day-to-day operations of the Fund including management of the investment portfolio of the Fund and provision of key management personnel.

The Manager has retained Portfolio Advisor to provide portfolio management services and is responsible for overseeing those portfolio management services.

As compensation for the services it provides to the Fund, the Manager is entitled to receive an annual management fee from the Fund calculated as a percentage of the NAV of each class of the Fund, as applicable. This fee is calculated daily and paid monthly in arrears. The Manager pays the Portfolio Advisor out of its management fee. In certain circumstances, the Manager is also entitled to an amount equal to the service fee payable to registered dealers. This fee is calculated daily and paid quarterly in arrears.

Refer to the Management and Dealer Service Fee Rate table in the Fund Specific Notes to the Financial Statements for the management fee rates applicable to each class of the Fund.

Operational cost

The Fund is responsible for all costs relating to its operations and administration, which are presented in the Statements of Comprehensive Income.

Performance Fee

The Portfolio Advisor is entitled to an annual performance fee (the Performance Fee), payable on December 31 (the Determination Date) of each year, equal to 20% of the appreciation in the net asset value of the units in that calendar year. For this purpose, the Performance Fee is calculated separately for each of the Class A units and the Class F units. The appreciation in the net asset value of each class of units is calculated by subtracting the High Water Mark for the applicable class of units from the Adjusted NAV per unit for that class of units on the relevant Determination Date and multiplying the result by the number of units of that class outstanding on such Determination Date (before giving effect to any redemption of units of such class on such date). The "High Water Mark" of each class of units on any date is the greater of: (i) \$10.00; and (ii) the net asset value per unit of that class as of the last Determination Date on which a Performance Fee was paid in respect of such class (after giving effect to the Performance Fee paid on such date). The High Water Mark for units of a class will be appropriately adjusted in the event of a consolidation or subdivision of units of that class. The "Adjusted NAV per unit" of a class of units is the net asset value per unit of that class on the relevant Determination Date, excluding any accrual for the Performance Fee that would otherwise be included in the net asset value per unit calculation on such date, plus the amount of any distribution declared by the Fund to the holder of that unit since the date as of which the High Water Mark was set. The Performance Fee, plus applicable taxes, shall be calculated and accrued daily and payable annually on December 31, if earned.

Notwithstanding the foregoing, if any units are redeemed in a calendar year prior to the relevant Determination Date, the amount of any accrued Performance Fee in respect of such redeemed units will be paid to the Portfolio Advisor immediately following such redemption as if the date on which the units are redeemed was a Determination Date in respect of such units.

If Class A units are converted into Class F units or Class F units into Class A units, and the amount of any accrued Performance Fee per unit of the converting units is greater than or less than the accrued Performance Fee per unit of the class into which such units are converting, then the Portfolio Advisor will receive an amount equal to such difference times the number of units being converted or the Performance Fee expense is adjusted such that the amount of the Performance Fee accrued per unit of both classes is unchanged.

As at December 31, 2019, the performance fee payable is \$1,796,318 (December 31, 2018 - \$261,925).

6. SECURITIES LENDING

The Fund entered into a securities lending program with the Bank of New York Mellon, who acts as the securities lending agent. These transactions involve the temporary exchange of securities for collateral with a commitment to re-deliver 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 paid on cash or securities held as collateral. Income from securities lending is included in the Statements of Comprehensive Income and is recognized when earned. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. Collateral received consists of qualified securities and securities that are immediately convertible into, or exchangeable for, securities of the same type, the same term and in the same number as those loaned by the Fund, or cash or letters of credit with market values of at least 102% of the market value of the loaned securities. The Fund's lending agent is entitled to receive payments out of the gross amount generated from the securities lending transactions of the Fund and bears all operational costs directly related to securities lending as well as the cost of borrowing default indemnification. Amounts for securities loaned and the collateral received as well as reconciliation between gross securities lending revenue and securities lending revenue received by the Fund appear in the Fund Specific Notes to Financial Statements. Revenue from securities lending is included in "Securities lending revenue" in the Statements of Comprehensive Income.

7. TAXATION

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. Income tax on net realized capital gains not paid or payable will generally be recoverable by virtue of refunding provisions contained in the *Income Tax Act* (Canada) and provincial income tax legislation, as redemptions occur. Occasionally, the Fund may distribute more than they earn. This excess distribution is a return of capital and is not taxable to unitholders.

The tax year-end for the Fund is December 31.

8. DISTRIBUTIONS

The Fund will make, on or before December 31 of that year, a distribution of any excess net income or net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the *Income Tax Act* (Canada), after taking into account all available deductions, credits and refunds.

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Notes to the Financial Statements (cont'd)

During the years ended December 31, 2019 and 2018, the Fund made the following notional distributions that were automatically reinvested in additional units of the Fund.

December 31, 2019

Fund	Class A Units (in \$000's)	Class F Units (in \$000's)	Private Placement Units (in \$000's)
JFT Strategies Fund	2,980	2,655	246

December 31, 2018

Fund	Class A Units (in \$000's)	Class F Units (in \$000's)	Private Placement Units (in \$000's)
JFT Strategies Fund	Nil	Nil	Nil

9. RELATED PARTY TRANSACTIONS

The Manager manages and administers the business operations and affairs of the Fund, except for investment advisory and portfolio management services required by the Fund. These services are in the normal course of operations and are recorded at the amount of the consideration agreed to by the parties.

Members of the Independent Review Committee (IRC) receive fees from the Fund for services rendered to the Fund and are reimbursed for out-of-pocket expenses.

The above services are reported in the Statements of Comprehensive Income as management fee, dealer service fees and IRC fees, as applicable. Management fee payable is reported in the Statements of Financial Position, and the amounts are payable to the Manager.

Concurrent with the offering of Class A units and Class F units of the Fund, the Manager and the Portfolio Advisor and/or their directors and officers acquired 262,500 Private Placement units on a private placement basis. These units were purchased at the same issue price of \$10.00 as the Class A units and Class F units, for total subscription proceeds of \$2,625,000. The transaction was measured at the exchange amount of \$10.00 per Private Placement unit, which was equivalent to the closing NAV of the Fund on the days of the transactions. During the years ended December 31, 2019 and 2018, no Private Placement units were tendered for redemption.

The Fund may have direct or indirect holdings in CI Financial Corp., or its affiliates or other investment fund(s) managed by the Manager as identified in the Fund Specific Notes to Financial Statements, if applicable.

10. FINANCIAL INSTRUMENTS RISK

Risk management

The Fund is exposed to a variety of financial instruments risks: leverage and short selling risk, concentration risk, credit risk, liquidity risk and market risk (including other price risk, currency risk and interest rate risk). The level of risk to which the Fund is exposed to depends on the investment objective and the type of investments held by the Fund. The value of the investments within the portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news related to investments held by the Fund. The Manager of the Fund may minimize potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events, diversification of the investment portfolio by asset type, country, sector, term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

Leverage and short selling risk

When a Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavorable times.

In 2019 and 2018 the Fund exercise leverage through participating in short selling transactions, which expose the Fund to short selling risk.

Short selling risk is the risk of loss related to short selling transactions. There is no assurance that securities will decline in value during the year of the short sale and make a profit for the Fund and securities sold short may instead appreciate in value, resulting in a loss to the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall the borrowed securities at any time. The lender may go bankrupt and the Fund may lose the collateral they have deposited with the lender. The Fund mitigates such risk by depositing collateral only with regulated financial institutions or dealers.

The Fund may borrow cash up to a maximum of 75% of the Fund's NAV and may sell securities short, whereby the aggregate market value of securities sold short will be limited to 75% of the Fund's NAV. The combined use of short selling and cash borrowing by the Fund is subject to an overall limit of 75% of the Fund's NAV.

During the year ended December 31, 2019, the lowest aggregated fair value amount of the leverage exercised by the Fund was \$28.0 million (15.4% of NAV) (December 31, 2018 - \$47.5 million, 21.6% of NAV) and the highest aggregated fair value amount of the leverage used during the year was \$61.3 million (34.2% of NAV) (December 31, 2018 - \$85.0 million, 39.0% of NAV).

As at December 31, 2019, the Fund had pledged securities as collateral to the prime broker equal to \$107,485,227.

Concentration risk

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

Details of the Fund's exposure to concentration risk are available in the Fund Specific Notes to Financial Statements.

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of debt instruments includes consideration of the credit worthiness of the debt issuer. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of Financial Position.

Credit ratings for debt securities are obtained from S&P Global Ratings where available, otherwise ratings are obtained from: Moody's Investors Service or Dominion Bond Rating Services, respectively.

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Notes to the Financial Statements (cont'd)

Cash balances as disclosed in the Statements of Financial Position are maintained by the Custodian. The Manager monitors the credit worthiness of the Custodian on a regular basis. The credit rating of the Custodian as at December 31, 2019 was AA- (December 31, 2018 - AA-).

All transactions executed by the Fund in listed securities are settled/paid 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.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations, on time or at a reasonable price. The Fund is exposed to monthly and annual cash redemptions of redeemable units. Therefore, the Fund aims to invest the majority of its assets in investments that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. From time to time, the Fund may enter into derivative contracts or invest in unlisted securities that may not trade in an organized market and may be illiquid. All financial liabilities are due within three months.

Market risk

The Fund's investments are subject to market risk which is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market conditions.

Other Price risk

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 currency risk or interest rate risk). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital. Except for investments sold short, where the maximum risk resulting from these financial instruments is equivalent to their fair value.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant other price risk.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund. As a result, the Fund may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value of interest-bearing investments and interest rate derivative instruments will fluctuate due to changes in prevailing levels of market interest rates. If interest rates fall, the fair value of existing debt securities may increase due to increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease which may then lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities.

Interest rate risk also applies if the Fund invests in convertible securities. The fair value of these securities varies inversely with interest rates, similar to other debt securities. However, since they may be converted into common shares, convertible securities are generally less affected by interest rate fluctuations than other debt securities.

Fair value hierarchy

The Fund is required to classify financial instruments measured at fair value using a fair value hierarchy. Investments whose values are based on quoted market prices in active markets are classified as Level 1. This level may include publicly traded equities, exchange-traded and retail mutual fund(s), exchange-traded warrants, futures contracts and traded options.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2. These may include fixed-income securities, mortgage-backed securities, short-term instruments, non-traded warrants, over-the-counter options, structured notes of indexed securities, foreign currency forward contracts, swap instruments and American depositary receipts and Global depositary receipts.

Investments classified as Level 3 have significant unobservable inputs. Level 3 instruments may include private equities, private term loans, private equity fund(s) and certain derivatives. As observable prices are not available for these securities, the Fund may use a variety of valuation techniques to derive their fair value.

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.

Details of the Fund's exposure to financial instruments risks including the fair value hierarchy classification are available in the Fund Specific Notes to Financial Statements section of the financial statements.

JFT Strategies Fund

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