

Semi-Annual Financial Statements - June 30, 2020



 **CI FIRST ASSET**
Closed-End Fund

JFT Strategies Fund

Table of Contents

JFT Strategies Fund

Financial Statements

Statements of Financial Position	1
Statements of Comprehensive Income.....	2
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	3
Statements of Cash Flows	4
Schedule of Investment Portfolio.....	5
Fund Specific Notes to Financial Statements	12

Notes to the Financial Statements	19
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Legal Notice	25
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CI Investments Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

JFT Strategies Fund

Financial Statements (unaudited)

Statements of Financial Position

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

	as at	
	Jun. 30, 2020	Dec. 31, 2019
Assets		
Current assets		
Investments	200,489	235,801
Cash	5,454	4,819
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	-	-
Dividends receivable	193	103
Interest receivable	352	632
Receivable for investments sold	627	801
Receivable for unit subscriptions	-	-
	207,115	242,156
Liabilities		
Current liabilities		
Investments sold short	37,891	27,981
Margin payable	16,822	25,776
Unrealized loss on futures and foreign currency forward contracts	-	-
Swaps, swaptions and options	-	-
Dividends payable on investments sold short	43	49
Interest payable on investments sold short	-	-
Daily variation margin on derivative instruments	-	-
Payable for investments purchased	4,485	594
Payable for unit redemptions	277	14
Distributions payable to holders of redeemable units	-	-
Management fees payable	56	76
Performance fees payable	1,512	1,796
Accounts payable and accrued liabilities	397	553
	61,483	56,839
Net assets attributable to holders of redeemable units	145,632	185,317

Statements of Financial Position (cont'd)

(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:	
	as at	as at	as at	as at	as at	as at
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019
Class A	60,966	96,010	15.71	14.97	3,879,569	6,414,930
Class F	78,410	83,473	16.56	15.75	4,734,544	5,299,535
Private						
Placement Class	6,256	5,834	21.94	20.46	285,093	285,093

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

JFT Strategies Fund

Financial Statements (unaudited)

Statements of Comprehensive Income

for the periods ended June 30

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

	2020	2019
Income		
Net gain (loss) on investments and derivatives		
Dividends	915	639
Interest for distribution purposes	1,533	2,007
Income distributions from investments	-	-
Capital gain distributions from investments	-	-
Derivative income (loss)	-	-
Dividends expense on financial assets (liabilities) sold short	(219)	(829)
Interest expense on financial assets (liabilities) sold short	-	-
Net realized gain (loss) on sale of investments and derivatives	3,031	8,618
Change in unrealized appreciation (depreciation) in value of investments and derivatives	10,199	(535)
Total net gain (loss) on investments and derivatives	15,459	9,900
Other income		
Foreign exchange gain (loss) on cash	(3,609)	(988)
Securities lending revenue (Note 6)	-	-
Fees rebate	-	-
Miscellaneous foreign income	-	-
Other income	-	-
Total other income	(3,609)	(988)
Total income	11,850	8,912
Expenses		
Custody fees	9	7
Unitholders reporting costs	38	41
Dealer service fee	174	242
Management fees (Note 5)	1,038	1,367
Performance fees (Note 5)	1,589	1,024
Audit fees	3	30
Legal fees	-	-
Independent review committee fees	1	3
Commissions and other portfolio transaction costs	483	405
Securities borrowing fees (Note 2)	164	1,126
Interest expense	248	-
Withholding taxes	4	4
Harmonized sales tax	366	339
Other expenses	-	-
Total expenses	4,117	4,588
Expenses absorbed by the Manager (Note 5)	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	7,733	4,324

Statements of Comprehensive Income (cont'd)

for the periods ended June 30

(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:	
	2020	2019	2020	2019	2020	2019
Class A	3,629	2,067	0.76	0.31	4,762,363	6,642,323
Class F	3,682	2,035	0.83	0.37	4,451,058	5,572,134
Private						
Placement Class	422	222	1.48	0.78	285,093	285,093

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

JFT Strategies Fund

Financial Statements (unaudited)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units for the periods ended June 30 (in \$000's)

	Class A		Class F		Private Placement Class		Total Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets attributable to holders of redeemable units at the beginning of period	96,010	116,123	83,473	98,336	5,834	5,430	185,317	219,889
Increase (decrease) in net assets attributable to holders of redeemable units	3,629	2,067	3,682	2,035	422	222	7,733	4,324
Distributions to holders of redeemable units								
From net investment income	-	-	-	-	-	-	-	-
From net realized gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
Total distributions to holders of redeemable units	-	-	-	-	-	-	-	-
Redeemable unit transactions								
Proceeds from redeemable units issued	-	-	-	-	-	-	-	-
Units converted from Private Placement to Class A	-	-	-	-	-	-	-	-
Units converted from Class F to Class A	4,415	4,921	(4,415)	(4,921)	-	-	-	-
Units converted from Class A to Class F	(13,116)	(3,875)	13,116	3,875	-	-	-	-
Reinvestment of distributions to holders of redeemable units	-	-	-	-	-	-	-	-
Redemption of redeemable units	(29,972)	(25,831)	(17,446)	(16,179)	-	-	(47,418)	(42,010)
Net increase (decrease) from redeemable unit transactions	(38,673)	(24,785)	(8,745)	(17,225)	-	-	(47,418)	(42,010)
Net increase (decrease) in net assets attributable to holders of redeemable units	(35,044)	(22,718)	(5,063)	(15,190)	422	222	(39,685)	(37,686)
Net assets attributable to holders of redeemable units at the end of period	60,966	93,405	78,410	83,146	6,256	5,652	145,632	182,203

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

JFT Strategies Fund

Financial Statements (unaudited)

Statements of Cash Flows

for the periods ended June 30 (in \$000's)

	2020	2019
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	7,733	4,324
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(3,031)	(8,618)
Unrealized foreign exchange (gain) loss on cash	165	1,066
Commissions and other portfolio transaction costs	483	405
Change in unrealized (appreciation) depreciation in value of investments and derivatives	(10,199)	535
Proceeds from sale and maturity of investments and derivatives	337,481	239,525
Purchase of investments and derivatives	(275,447)	(256,557)
(Increase) decrease in collateral on deposit for short sale	(8,954)	56,168
Non-cash distributions from investments	-	-
Change in daily variation margin	-	-
(Increase) decrease in dividends receivable	(91)	(10)
(Increase) decrease in interest receivable	279	283
Increase (decrease) in performance fees payable	(284)	723
Increase (decrease) in management fees payable	(20)	(18)
Amortization interest earned	-	-
Change in other accounts receivable and payable	(163)	11
Net cash from (used in) operating activities	47,952	37,837
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	-	-
Proceeds from issuance of redeemable units	-	-
Amounts paid on redemption of redeemable units	(47,154)	(42,008)
Net cash from (used in) financing activities	(47,154)	(42,008)
Unrealized foreign exchange gain (loss) on cash	(165)	(1,066)
Net increase (decrease) in cash	798	(4,171)
Cash (bank overdraft), beginning of period	4,821	36,834
Cash (bank overdraft), end of period	5,454	31,597
Supplementary Information:		
Dividends received, net of withholding tax*	820	625
Interest received, net of withholding tax*	1,812	2,290
Dividends paid*	(226)	(857)
Interest paid*	(248)	-
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 June 30, 2020 (unaudited)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS					
EQUITIES					
Communication Services					
	270,900	Adcore Inc.	175,234	173,376	
	65,100	Mediagrif Interactive Technologies Inc., Restricted	358,050	364,677	
USD	19,180	Pinterest Inc., Class 'A'	526,543	577,279	
	1,323,457	Stingray Group Inc.	5,395,512	6,974,618	
			6,455,339	8,089,950	5.56%
Consumer Discretionary					
	19,240	A&W Revenue Royalties Income Fund	439,987	506,397	
	2,038,477	Diversified Royalty Corp.	4,682,581	3,771,182	
	38,000	Gamehost Inc.	178,703	236,170	
	93,700	Keg Royalties Income Fund (The)	757,543	886,402	
	74,725	Mimi's Rock Corp.	36,418	29,890	
	19,400	MTY Food Group Inc.	415,397	472,196	
USD	406,600	Nautilus Inc.	2,394,962	5,117,041	
USD	7,400	Ollie's Bargain Outlet Holdings Inc.	562,859	981,015	
	317,100	Pizza Pizza Royalty Corp.	2,319,176	2,644,614	
USD	3,500	RCI Hospitality Holdings Inc.	63,551	65,857	
	13,900	Restaurant Brands International Inc.	876,492	1,027,071	
	48,450	Sleep Country Canada Holdings Inc.	660,671	778,592	
			13,388,340	16,516,427	11.34%
Consumer Staples					
	62,800	Andrew Peller Ltd., Class 'A'	565,973	552,640	
	615,846	Ionic Brands Corp., Warrants, 2022/05/16, Restricted	-	1	
	4,400	Loblaw Cos. Ltd.	291,811	290,884	
	12,900	North West Co. Inc. (The)	308,792	382,872	
	47,200	Village Farms International Inc.	287,786	305,856	
			1,454,362	1,532,253	1.05%
Energy					
	34,000	Canadian Palladium Resources Inc.	4,080	2,550	
	65,400	CES Energy Solutions Corp.	74,657	70,632	
	64,700	Enerflex Ltd.	348,028	332,558	
	96,000	Essential Energy Services Trust	15,880	14,880	
	87,600	Freehold Royalties Ltd.	311,288	308,352	
	255,750	Greenlane Renewables Inc., Warrants, 2021/02/20	-	-	
	40,300	Pason Systems Inc.	300,383	299,026	
	15,800	Questor Technology Inc.	24,098	24,016	
	311,400	Secure Energy Services Inc.	422,276	520,038	
	11,100	Total Energy Services Inc.	21,998	23,310	
			1,522,688	1,595,362	1.10%
Financials					
	74,300	AGF Management Ltd., Class 'B'	289,097	372,986	
	187,600	Alaris Royalty Corp.	2,207,075	2,429,420	
USD	832,900	Bespoke Capital Acquisition Corp., Class 'A'	11,032,737	11,047,379	
USD	353,950	Bespoke Capital Acquisition Corp., Class 'A', Warrants, 2027/08/16	27,008	271,495	
	4,400	Brookfield Asset Management Inc., Class 'A'	191,870	196,592	
	63,400	Canaccord Genuity Group Inc.	349,164	438,094	
	1,352,700	Canaccord Genuity Growth II Corp., Class 'A'	4,115,915	4,179,843	
USD	8,610	CITIC Capital Acquisition Corp.	114,427	117,474	
	1,430	Equitable Group Inc.	75,007	102,088	
USD	4,300	Essent Group Ltd.	175,171	211,733	
	326,995	Fiera Capital Corp.	2,627,293	3,106,453	
USD	47,200	Finserv Acquisition Corp.	621,388	672,827	
	137,900	Home Capital Group Inc.	2,489,322	2,782,822	
USD	1,337,900	Mercer Park Brand Acquisition Corp., Class 'A'	17,807,596	18,018,023	

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JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS (cont'd)					
EQUITIES (cont'd)					
Financials (cont'd)					
USD	223,000	Mercer Park Brand Acquisition Corp., Class 'A' , Warrants, 2024/06/24	-	196,784	
USD	10,900	NMI Holdings Inc., Class 'A'	219,568	237,949	
USD	13,650	PropTech Acquisition Corp.	181,429	196,431	
USD	1,277,500	Subversive Capital Acquisition Corp., Class 'A'	16,152,665	17,256,623	
USD	998,100	Subversive Capital Acquisition Corp., Warrants, 2024/08/26	776,592	813,012	
USD	924,000	Subversive Real Estate Acquisition REIT L.P.	11,996,931	12,293,340	
USD	897,700	Subversive Real Estate Acquisition REIT L.P., Rights, 2025/01/08	-	609,359	
			71,450,255	75,550,727	51.87%
Health Care					
	16,700	Ayr Strategies Inc.	180,523	167,000	
	274,500	Ayr Strategies Inc., Warrants, 2024/05/24	1,071,325	609,390	
	51,712	Britannia Bud Canada Holdings Inc., Subscription Receipts	69,811	69,811	
	218,900	Burcon NutraScience Corp.	384,873	372,130	
	150,200	Burcon NutraScience Corp., Warrants, 2022/02/20	-	-	
	2,170,600	Centric Health Corp., Warrants, 2020/10/05, Restricted	434,120	433,035	
	27,350	Emerald Health Therapeutics Inc.	7,127	4,650	
	144,039	Extencare Inc.	868,871	808,059	
	4,219,400	Kalytera Therapeutics Inc., Warrants, 2022/04/26	-	42,194	
	91,470	Medexus Pharmaceuticals Inc., Warrants, 2023/10/16, Restricted	-	-	
	253,350	Profound Medical Corp.	2,494,728	5,824,516	
	226,350	Profound Medical Corp., Warrants, 2021/09/20	-	203,489	
	118,550	Profound Medical Corp., Warrants, 2023/03/20	-	88,794	
	101,800	Sienna Senior Living Inc.	1,021,218	941,650	
	203,200	SLANG Worldwide Inc.	53,484	37,592	
	145,100	Spectral Medical Inc.	87,060	79,805	
	72,550	Spectral Medical Inc., Warrants, 2022/06/17	-	-	
	186,300	Vireo Health International Inc.	138,179	160,218	
USD	4,400	Zymeworks Inc.	224,365	215,462	
			7,035,684	10,057,795	6.91%
Industrials					
	65,400	Alexco Resource Corp.	178,542	199,470	
USD	5,200	American Woodmark Corp.	389,205	534,053	
	36,565	Badger Daylighting Ltd.	1,133,097	1,086,712	
	333,421	Chorus Aviation Inc.	1,123,927	993,595	
	2,300	GDI Integrated Facility Services Inc.	73,899	74,727	
	186,050	IBI Group Inc.	821,117	863,272	
USD	8,700	IHS Markit Ltd.	831,782	891,740	
	126,300	Mullen Group Ltd.	720,260	918,201	
	127,400	Wajax Corp.	949,396	1,070,160	
	249,000	Xebec Adsorption Inc.	766,550	1,020,900	
			6,987,775	7,652,830	5.25%
Information Technology					
	7,000	CGI Inc.	602,119	598,710	
USD	65	Everledger Ltd.	365,342	-	
	78,500	goNumerical Ltd.	1,218,320	32,970	
	129,200	Martello Technologies Group Inc.	27,132	27,132	
	129,200	Martello Technologies Group, Warrants, 2023/05/26	-	-	
	3,000	mCloud Technologies Corp.	17,397	10,740	
USD	1,300	Microsoft Corp.	342,522	359,171	
	270,100	Photon Control Inc.	438,055	480,778	
USD	2,600	Qualys Inc.	388,730	367,166	
	145,200	Quisitive Technology Solutions Inc.	108,900	98,736	
	88,900	Quisitive Technology Solutions Inc., Warrants, 2022/06/26	-	-	

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JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (cont'd)

Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
LONG POSITIONS (cont'd)				
EQUITIES (cont'd)				
Information Technology (cont'd)				
22,920	Vecima Networks Inc.	214,020	239,514	
156,900	Vitalhub Corp.	274,388	243,195	
		3,996,925	2,458,112	1.69%
Materials				
215,900	AirBoss of America Corp.	1,724,989	3,940,174	
3,053,000	Amarillo Gold Corp., Warrants, 2021/08/29, Restricted	-	3	
2,963,500	American Creek Resources Ltd., Warrants, 2021/09/06	2,964	563,065	
47,700	Americas Gold and Silver Corp.	137,124	168,858	
39,200	Artemis Gold Inc., Subscription Receipts, Restricted	105,840	105,840	
110,200	Benchmark Metals Inc., Warrants, 2021/09/27	-	14,326	
88,100	Bluestone Resources Inc.	155,910	173,557	
783,500	Brixton Metals Corp., Warrants, 2021/08/09	-	1	
883,300	Canadian Palladium Resources Inc., Warrants, 2021/01/28	-	1	
821,700	Clean Air Metals Inc.	164,340	283,487	
434,150	Clean Air Metals Inc., Warrants, 2022/02/11, Restricted	-	19,537	
32,600	Dundee Precious Metals Inc.	210,944	291,444	
10,850	Dundee Precious Metals Inc., Warrants, 2021/05/13	-	10,199	
217,100	Ely Gold Royalties Inc., Restricted	173,680	424,192	
108,550	Ely Gold Royalties Inc., Warrants, 2023/05/21, Restricted	-	107,614	
139,300	Galway Metals Inc., Restricted	61,292	116,455	
75,200	Generation Mining Ltd.	39,104	24,816	
52,850	Generation Mining Ltd., Warrants, 2022/02/13, Restricted	-	-	
201,500	Geodrill Ltd.	268,736	314,340	
578,100	Grid Metals Corp.	75,153	104,058	
325,750	Grid Metals Corp. Warrants, 2023/02/14	-	-	
149,500	Major Drilling Group International Inc.	549,631	641,355	
69,500	Marathon Gold Corp.	104,250	137,610	
34,750	Marathon Gold Corp., Warrants, 2021/05/26	-	2,780	
261,600	Osino Resources Corp.	287,760	287,760	
5,947	Osisko Mining Inc., Restricted	21,707	21,638	
2,973	Osisko Mining Inc., Warrants, 2021/12/23, Restricted	-	-	
505,100	Outcrop Gold Corp., Restricted	141,428	175,169	
252,550	Outcrop Gold Corp., Restricted, Warrants, 2022/06/12	-	-	
407,933	Palladium One Mining Inc., Warrants, 2020/12/02	-	-	
815,867	Palladium One Mining Inc., Warrants, 2021/12/06	-	1	
708,650	Rio2 Ltd., Warrants, 2022/08/13, Restricted	-	191,336	
520,900	Silver Viper Minerals Corp., Restricted	187,524	197,942	
260,450	Silver Viper Minerals Corp., Warrants, 2022/06/03, Restricted	-	-	
43,600	Superior Gold Inc.	38,027	36,624	
121,800	Troilus Gold Corp.	127,890	125,454	
60,900	Troilus Gold Corp., Warrants, 2022/06/23	-	-	
247,276	Wallbridge Mining Co. Ltd.	143,355	274,476	
397,000	Warrior Gold Inc., Warrants, 2025/09/20	-	-	
		4,721,648	8,754,112	6.01%
Real Estate				
336,300	Automotive Properties REIT	2,546,030	3,114,138	
49,800	Boardwalk REIT	1,287,972	1,479,558	
69,800	Brookfield Office Properties Inc., 6.15%, Preferred, Class 'AAA', Series 'N', Perpetual	1,184,276	670,080	
37,900	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual	709,602	414,626	
6,640	Colliers International Group Inc.	503,389	517,256	
32,600	H&R REIT	334,566	318,176	

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JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (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 (cont'd)					
	120,063	Inovalis REIT	921,290	913,679	
	255,530	Nabis Holdings Inc., Warrants, 2022/03/26, Restricted	-	1,278	
	759,899	Nexus REIT	1,311,609	1,162,645	
			8,798,734	8,591,436	5.90%
Utilities					
	4,200	Innergex Renewable Energy Inc., Preferred, Series 'A', Variable Rate, Perpetual	55,529	53,130	
			55,529	53,130	0.04%
Total Equities			125,867,279	140,852,134	96.72%
BONDS					
Canada					
	2,570,000	CES Energy Solutions Corp., 6.38%, October 21, 2024	2,496,009	2,239,648	
	2,293,000	Fiera Capital Corp., 5.60%, July 31, 2024	2,295,269	2,235,216	
	345,700	Parkland Fuel Corp., 5.50%, May 28, 2021	345,700	346,996	
USD	3,432,000	Trulieve Cannabis Corp., 9.75%, June 18, 2024	4,521,060	4,577,746	
			9,658,038	9,399,606	6.45%
Total Bonds			9,658,038	9,399,606	6.45%
CONVERTIBLE DEBENTURES					
	1,151,000	Accord Financial Corp., 7.00%, December 31, 2023	1,143,882	887,133	
USD	109,000	Air Canada, 4.00%, July 01, 2025	150,077	157,227	
	958,000	Alaris Royalty Corp., 5.50%, June 30, 2024	923,670	824,599	
	2,304,000	Canaccord Genuity Group Inc., 6.25%, December 31, 2023	2,306,661	2,327,040	
	376,000	Cardinal Energy Ltd., 5.50%, December 31, 2020	371,258	206,838	
	243,000	Chemtrade Logistics Income Fund, 5.00%, August 31, 2023	244,093	199,260	
USD	109,000	Colliers International Group Inc., 4.00%, June 01, 2025	153,690	181,551	
	4,977,000	Diversified Royalty Corp., 5.25%, December 31, 2022	4,958,751	4,815,248	
	485,300	Fiera Capital Corp., 5.00%, June 30, 2023	458,382	490,153	
USD	167,000	Fortuna Silver Mines Inc., 4.65%, October 31, 2024	221,250	253,495	
	3,679,000	IBI Group Inc., 5.50%, December 31, 2021	3,516,296	3,679,000	
	894,500	Medexus Pharmaceuticals Inc., Restricted, 6.00%, October 16, 2023	894,500	742,435	
	122,000	Morguard North American Residential REIT, 4.50%, March 31, 2023	109,648	125,050	
	316,000	Mullen Group Ltd, 5.75%, November 30, 2026	257,133	299,031	
	143,000	NorthWest Healthcare Properties REIT, 5.25%, December 31, 2021	142,207	143,100	
	94,000	NorthWest Healthcare Properties REIT, 5.25%, July 31, 2021	87,033	94,940	
	313,000	Supreme Cannabis Co. Inc. (The), 6.00%, October 19, 2021	258,124	83,774	
USD	5,193,000	Tricon Capital Group Inc., 5.75%, March 31, 2022	7,080,827	6,961,892	
			23,277,482	22,471,766	15.43%
Total Convertible Debentures			23,277,482	22,471,766	15.43%
Total Long Positions			158,802,799	172,723,506	118.60%
SHORT POSITIONS					
EQUITIES					
Communication Services					
USD	(660)	Facebook Inc., Class 'A'	(212,379)	(203,458)	
			(212,379)	(203,458)	(0.14)%
Consumer Discretionary					
USD	(5,200)	Acushnet Holdings Corp.	(205,350)	(245,601)	
	(2,200)	Aritzia Inc.	(39,221)	(41,822)	
USD	(109)	Booking Holdings Inc.	(258,787)	(235,632)	
USD	(870)	Carvana Co.	(142,483)	(141,970)	
USD	(1,700)	Chewy Inc.	(112,395)	(103,141)	
USD	(7,800)	Dave & Buster's Entertainment Inc.	(188,415)	(141,155)	

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

JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
SHORT POSITIONS (cont'd)					
EQUITIES (cont'd)					
Consumer Discretionary (cont'd)					
USD	(900)	Deckers Outdoor Corp.	(253,069)	(239,957)	
USD	(6,500)	Fiesta Restaurant Group Inc.	(78,336)	(56,300)	
USD	(8,400)	Gentex Corp.	(261,859)	(293,877)	
USD	(3,100)	Las Vegas Sands Corp.	(199,190)	(191,658)	
	(8,800)	Leon's Furniture Ltd.	(115,682)	(117,392)	
USD	(1,300)	Lowe's Cos. Inc.	(223,611)	(238,471)	
	(4,800)	Magna International Inc.	(276,391)	(290,208)	
USD	(880)	Marriott International Inc., Class 'A'	(132,848)	(102,421)	
USD	(10,900)	Mattel Inc.	(129,127)	(143,095)	
USD	(300)	O'Reilly Automotive Inc.	(153,906)	(171,738)	
USD	(2,200)	Peloton Interactive Inc., Class 'A'	(171,374)	(172,543)	
USD	(970)	Polaris Inc.	(119,043)	(121,877)	
USD	(435)	Pool Corp.	(152,400)	(160,554)	
	(3,300)	Real Matters Inc.	(44,399)	(87,384)	
	(6,500)	Recipe Unlimited Corp.	(71,254)	(60,255)	
USD	(2,140)	Roku Inc.	(330,205)	(338,550)	
	(4,300)	Spin Master Corp.	(80,374)	(105,479)	
USD	(1,300)	Starbucks Corp.	(141,420)	(129,878)	
USD	(220)	Tesla Motors Inc.	(273,660)	(322,509)	
USD	(900)	Tractor Supply Co.	(148,892)	(161,026)	
USD	(435)	Ulta Beauty Inc.	(143,094)	(120,131)	
USD	(440)	Wayfair Inc., Class 'A'	(105,544)	(118,041)	
USD	(4,400)	Wendy's Co. (The)	(125,660)	(130,102)	
USD	(1,320)	Wingstop Inc.	(93,762)	(249,039)	
USD	(1,700)	Winnebago Industries Inc.	(156,460)	(153,754)	
USD	(1,760)	Wynn Resorts Ltd.	(180,392)	(177,985)	
			(5,108,603)	(5,363,545)	(3.68)%
Consumer Staples					
USD	(440)	Clorox Co. (The)	(111,387)	(131,039)	
	(13,700)	High Liner Foods Inc.	(91,464)	(79,460)	
	(2,200)	Jamieson Wellness Inc.	(60,035)	(78,276)	
USD	(870)	Procter & Gamble Co. (The)	(138,725)	(141,226)	
			(401,611)	(430,001)	(0.30)%
Energy					
	(10,800)	Cameco Corp.	(118,387)	(150,336)	
	(60,200)	NexGen Energy Ltd.	(123,478)	(106,554)	
	(4,400)	Parkland Corp.	(171,864)	(148,324)	
			(413,729)	(405,214)	(0.28)%
Financials					
	(1,300)	Canadian Imperial Bank of Commerce	(127,284)	(117,962)	
USD	(839)	Credit Acceptance Corp.	(421,963)	(477,263)	
	(24,300)	Element Fleet Management Corp.	(236,334)	(246,159)	
USD	(1,095)	Goldman Sachs Group Inc. (The)	(309,048)	(293,776)	
	(6,100)	IGM Financial Inc.	(210,994)	(201,239)	
USD	(3,500)	Morgan Stanley	(228,798)	(229,502)	
USD	(430)	MSCI Inc.	(151,986)	(194,873)	
	(20,900)	National Bank of Canada	(1,218,522)	(1,285,768)	
	(1,300)	Onex Corp.	(80,297)	(79,729)	
	(11,350)	Royal Bank of Canada	(1,057,605)	(1,045,449)	
	(2,170)	Sprott Inc.	(77,903)	(105,874)	
USD	(2,615)	T. Rowe Price Group Inc.	(445,724)	(438,440)	
	(1,500)	TMX Group Ltd.	(173,827)	(201,345)	
			(4,740,285)	(4,917,379)	(3.38)%

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

JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (cont'd)

	Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
SHORT POSITIONS (cont'd)					
EQUITIES (cont'd)					
Health Care					
	(8,700)	Canopy Growth Corp.	(210,745)	(191,313)	
			(210,745)	(191,313)	(0.13)%
Industrials					
	(760)	Canadian Pacific Railway Ltd.	(231,493)	(262,443)	
	(3,340)	Cargojet Inc.	(318,626)	(534,400)	
	(35,500)	Cervus Equipment Corp.	(261,946)	(230,750)	
USD	(1,700)	CSX Corp.	(170,118)	(160,954)	
USD	(665)	Equifax Inc.	(158,262)	(155,174)	
	(6,500)	Finning International Inc.	(129,934)	(120,315)	
USD	(5,000)	GFL Environmental Inc.	(104,141)	(127,411)	
USD	(2,200)	J.B. Hunt Transport Services Inc.	(303,789)	(359,422)	
USD	(1,700)	Jacobs Engineering Group Inc.	(173,177)	(195,712)	
	(2,100)	K-Bro Linen Inc.	(84,090)	(55,545)	
USD	(2,190)	Knight-Swift Transportation Holdings Inc.	(124,262)	(124,010)	
USD	(3,500)	Masco Corp.	(204,040)	(238,578)	
	(6,500)	NFI Group Inc.	(109,006)	(108,225)	
USD	(3,000)	PACCAR Inc.	(294,597)	(304,849)	
	(3,300)	People Corp.	(34,254)	(29,799)	
USD	(4,300)	Ritchie Bros. Auctioneers Inc.	(233,211)	(238,469)	
	(10,800)	Savaria Corp.	(113,310)	(134,568)	
	(5,600)	Toromont Industries Ltd.	(356,284)	(377,272)	
USD	(1,110)	United Rentals Inc.	(158,401)	(224,594)	
			(3,562,941)	(3,982,490)	(2.73)%
Information Technology					
	(3,300)	Absolute Software Corp.	(28,974)	(45,573)	
	(800)	Alithya Group Inc., Class 'A'	(1,910)	(1,808)	
USD	(440)	Apple Inc.	(203,857)	(217,911)	
USD	(870)	Autodesk Inc.	(272,282)	(282,510)	
	(105)	Constellation Software Inc.	(130,278)	(160,953)	
	(5,200)	Descartes Systems Group Inc. (The)	(290,655)	(372,684)	
	(1,090)	Kinaxis Inc.	(159,478)	(211,525)	
	(9,600)	Lightspeed POS Inc.	(198,303)	(311,328)	
USD	(174)	Shopify Inc., Class 'A'	(90,597)	(224,222)	
	(3,200)	TECSYS Inc.	(46,100)	(76,800)	
USD	(450)	Zoom Video Communications Inc.	(153,335)	(154,893)	
			(1,575,769)	(2,060,207)	(1.41)%
Investment Funds					
USD	(1,970)	Invesco QQQ Trust, Series '1'	(601,028)	(662,199)	
USD	(24,700)	iShares China Large-Cap ETF	(1,331,922)	(1,331,249)	
USD	(34,900)	iShares MSCI Emerging Markets ETF	(1,810,631)	(1,894,736)	
USD	(45,600)	iShares MSCI Hong Kong ETF	(1,350,626)	(1,322,943)	
USD	(25,310)	iShares Russell 2000 ETF	(4,819,189)	(4,919,787)	
	(340,000)	iShares S&P/TSX 60 Index ETF	(7,980,633)	(8,007,000)	
			(17,894,029)	(18,137,914)	(12.46)%
Materials					
	(19,500)	Cascades Inc.	(247,446)	(288,405)	
	(3,500)	CCL Industries Inc., Class 'B'	(149,805)	(153,580)	
	(10,900)	First Majestic Silver Corp.	(160,259)	(147,150)	
	(4,400)	Labrador Iron Ore Royalty Corp.	(106,190)	(106,788)	
	(3,300)	Wipak Ltd.	(149,797)	(137,247)	
			(813,497)	(833,170)	(0.57)%

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

JFT Strategies Fund

Schedule of Investment Portfolio as at June 30, 2020 (unaudited) (cont'd)

Number of Shares, Units and Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
SHORT POSITIONS (cont'd)				
EQUITIES (cont'd)				
Real Estate				
(3,600)	Altus Group Ltd.	(135,928)	(146,844)	
(21,700)	American Hotel Income Properties REIT L.P.	(51,003)	(58,807)	
(3,460)	Canadian Apartment Properties REIT	(178,917)	(168,121)	
(1,700)	FirstService Corp.	(215,616)	(232,475)	
(61,000)	Tricon Capital Group Inc.	(489,184)	(558,150)	
		(1,070,648)	(1,164,397)	(0.80)%
Utilities				
(3,700)	Borex Inc., Class 'A'	(100,160)	(114,330)	
(1,700)	Fortis Inc.	(87,418)	(87,771)	
		(187,578)	(202,101)	(0.14)%
Total Equities		(36,191,814)	(37,891,189)	(26.02)%
Total Short Positions		(36,191,814)	(37,891,189)	(26.02)%
SHORT-TERM INVESTMENTS				
9,000,000	Province of Ontario Treasury Bill, 1.69%, February 10, 2021	8,848,170	8,848,170	
10,000,000	Province of Quebec Treasury Bill, .27%, July 31, 2020	9,993,000	9,993,000	
9,000,000	Province of Ontario Treasury Bill, 1.67%, August 12, 2020	8,923,860	8,923,860	
Total Short-Term Investments		27,765,030	27,765,030	19.07%
Adjustment for transaction costs		(187,590)		
Total Investments		150,188,425	162,597,347	111.65%
Other Net Assets (Liabilities)			(16,965,038)	(11.65)%
Net Assets Attributable to Holders of Redeemable Units			145,632,309	100.00%

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Interest in Unconsolidated Structured Entities (Note 2)

The following table presents 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	-

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Commissions (Note 2)

for the periods ended June 30 (in \$000's)

	2020	2019
Brokerage commissions	483	405
Soft dollar commissions [†]	-	-

Redeemable Unit Transactions (Note 4)

for the periods ended June 30

	Class A		Class F		Private Placement Class	
	2020	2019	2020	2019	2020	2019
Number of redeemable units at the beginning of period	6,414,930	8,075,346	5,299,535	6,521,148	285,093	285,093
Redeemable units issued for cash	-	-	-	-	-	-
Redeemable units issued for reinvested distributions	-	-	-	-	-	-
Redeemable units redeemed	(1,982,028)	(1,807,548)	(1,090,510)	(1,078,943)	-	-
Units converted from Private Placement to Class A	-	-	-	-	-	-
Units converted from Class F to Class A	322,321	333,912	(305,701)	(318,228)	-	-
Units converted from Class A to Class F	(875,654)	(261,930)	831,220	249,601	-	-
Number of redeemable units at the end of period	3,879,569	6,339,780	4,734,544	5,373,578	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 (unaudited)

Management and Dealer Service Fee Rate (Note 5)

as at June 30, 2020 (%)

	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 June 30 (in \$000's)

	2020	2019
Loaned	-	-
Collateral (non-cash)	-	-

Securities Lending Revenue Reconciliation (Note 6)

for the periods ended June 30 (in \$000's)

	2020	2019
Gross securities lending revenue	-	-
Charges	-	-
Securities lending revenue	-	-
% of gross securities lending revenue	-	-

Related Party Investments (Note 9)

as at June 30, 2019

During the period, the Fund has engaged in trading securities of CI Financial Corp. (referred to as "Related Issuer Trades"), which indirectly owns and controls CI First Asset. The Related Issuer Trades were executed by an unrelated broker and through the facilities of the TSX at prevailing market prices on the days of the transactions. No related parties received any fees in connection with the trades. The trades were executed in reliance on a standing instruction issued by the Fund's Independent Review Committee. As at June 30, 2019, the Fund held 16,300 shares of CI, with a fair value of \$347,842 and representing 0.2% of the Fund's net assets.

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Financial Instruments Risks (Note 10)

Concentration Risk

For Concentration Risk as at June 30, 2020, refer to the Schedule of Investment Portfolio.

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

as at December 31, 2019

Categories	Net Assets (%)
Long Positions	
Equities	
Communication Services	1.88
Consumer Discretionary	3.18
Consumer Staples	0.67
Energy	2.08
Financials	36.97
Health Care	4.52
Industrials	5.50
Information Technology	1.40
Investment Fund(s)	0.34
Materials	1.79
Real Estate	5.01
Utilities	0.39
Bonds	
Canada	4.02
Government of Canada & Guaranteed	25.50
Convertible Debentures	15.81
Short-Term Investments	18.18
Other Net Assets (Liabilities)	(12.14)
Short Positions	
Equities	
Communication Services	(0.22)
Consumer Discretionary	(1.25)
Consumer Staples	(0.80)
Energy	(0.21)
Financials	(0.31)
Health Care	(0.33)
Industrials	(1.10)
Information Technology	(0.70)
Investment Fund(s)	(9.67)
Materials	(0.13)
Real Estate	(0.30)
Utilities	(0.08)

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Credit Risk

The Fund was invested in fixed income securities and convertible debentures, if any, with the following credit ratings, as per the tables below.

as at June 30, 2020

Credit Rating ^{A*}	Net Assets (%)
AA/Aa/A+	6.9
A	12.2
BBB/Baa/B++	0.1
BB/Ba/B+	0.3
B	1.5
Not Rated	20.0
Total	41.0

as at December 31, 2019

Credit Rating ^{A*}	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

^ACredit 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 June 30, 2020 and December 31, 2019, the Fund was invested in Canadian equities and therefore was sensitive to changes in general economic conditions in Canada.

As at June 30, 2020, had the equities in the investment portfolio increased or decreased by 10% (December 31, 2019 - 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 \$10,296,000 (December 31, 2019 - \$9,011,000). In practice, actual results may differ from this analysis and the difference may be material.

Currency Risk

The tables below summarize the Fund's exposure to currency risk.

as at June 30, 2020[~]

Currency	Financial Instruments			Net Assets (%)
	Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (in \$000's)	
U.S. Dollar	31,343	-	31,343	21.5
Total	31,343	-	31,343	21.5

as at December 31, 2019[~]

Currency	Financial Instruments			Net Assets (%)
	Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (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.

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

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Currency Risk (cont'd)

As at June 30, 2020, had the Canadian dollar strengthened or weakened by 10% (December 31, 2019 - \$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 \$3,134,000 (December 31, 2019 - \$3,628,000). In practice, actual results may differ from this analysis and the difference may be material.

Interest Rate Risk

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

as at June 30, 2020

	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	28,319	16,393	14,468	456	59,636

as at December 31, 2019

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

As at June 30, 2020, had the prevailing interest rates increased or decreased by 0.25% (December 31, 2019 - \$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 \$227,000 (December 31, 2019 - \$379,000). In practice, actual results may differ from this analysis and the difference may be material.

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 June 30, 2020

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	138,908	1,841	103	140,852
Bonds	-	9,399	-	9,399
Convertible debentures	-	22,472	-	22,472
Short-term investments	-	27,765	-	27,765
Total	138,908	61,477	103	200,488

Short Positions at fair value as at June 30, 2020

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	(37,891)	-	-	(37,891)
Total	(37,891)	-	-	(37,891)

JFT Strategies Fund

Fund Specific Notes to Financial Statements (unaudited)

Fair Value Hierarchy (cont'd)

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)

There were no transfers between Level 1 and 2 and Level 1 and 3 during the period ended June 30, 2020 and the year ended December 31, 2019.

Level 3 Reconciliation

The tables below summarize the movement in financial instruments classified as Level 3.

for the period ended June 30, 2020

	Balance at Dec. 31, 2019 (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 Jun. 30, 2020 (in \$000's)
Long Positions/Assets:								
Equities	150	-	-	-	-	-	(47)	103
Bonds	116	-	-	-	(116)	-	-	-
Total	266	-	-	-	(116)	-	(47)	103

*Change in unrealized gain (loss) related to investments held at June 30, 2020 was \$542,000.

During the period ended June 30, 2020, investments with a fair value of \$116,000 were transferred out of Level 3 into Level 2 as observable market inputs became available for these investments.

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 June 30, 2020 and December 31, 2019.

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

JFT Strategies Fund

Notes to the Financial Statements (unaudited)

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 August 17, 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 June 30, 2020 and December 31, 2019. 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 periods ended June 30, 2020 and 2019.

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.

Coronavirus 19 (COVID-19) Impact

Since the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future performance of the Fund. In the face of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures from the portfolio holdings.

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.

JFT Strategies Fund

Notes to the Financial Statements (unaudited) (cont'd)

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.

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 June 30, 2020, December 31, 2019 and June 30, 2019, 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 period.

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.

JFT Strategies Fund

Notes to the Financial Statements (unaudited) (cont'd)

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, 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 period financial statements. Certain balances have been combined or disaggregated in order to conform to the current period'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 period. 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 were independently assessed by the Manager based on assumptions and estimates on parameters available when the financial statements were prepared. 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. Since the outbreak of COVID-19, market volatility has increased significantly which results in fluctuation in quoted securities prices, widening of bid ask spreads and reduced liquidity in the market. These changes may also impact the observability of some of the model valuation inputs used, which may have an

implication on classification of certain financial instruments within the fair value hierarchy. Areas such as credit risk (both own and counterparty); volatilities, correlations and key assumptions concerning future developments 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.

JFT Strategies Fund

Notes to the Financial Statements (unaudited) (cont'd)

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 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 June 30, 2020, the performance fee payable is \$1,511,951 (December 31, 2019 - \$1,796,318).

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

JFT Strategies Fund

Notes to the Financial Statements (unaudited) (cont'd)

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.

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.

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 periods ended June 30, 2020 and 2019, 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 2020 and 2019 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 period 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 period ended June 30, 2020, the lowest aggregated fair value amount of the leverage exercised by the Fund was \$10.6 million (8.3% of NAV) (December 31, 2019 - \$28.0 million, (15.4% of NAV) and the highest aggregated fair value amount of the leverage used during the period was \$37.9 million (26.0% of NAV) (December 31, 2019 - \$61.3 million, 34.2% of NAV).

As at June 30, 2020, the Fund had pledged securities as collateral to the prime broker equal to \$131,818,035 (December 31, 2019 - \$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.

JFT Strategies Fund

Notes to the Financial Statements (unaudited) (cont'd)

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.

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 June 30, 2020 was A+ (December 31, 2019 - 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. As a result, the value of the Fund that invests in debt securities and/or income trusts will be affected by changes in applicable 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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