

MAXAM



CAPITAL MANAGEMENT

MAXAM ARBITRAGE FUND

Annual Management Report of Fund Performance

For the year ended December 31, 2021

The Management Report of Fund Performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 604 685 0201, by writing to Maxam Capital Management Ltd. at 330 – 609 Granville Street, PO Box 10033, Vancouver, BC, Canada, V7Y 1A1 or by visiting our website at www.maxamcm.com or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's annual financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Caution Regarding Forward-Looking Statements (“FLS”)

The Management Report of Fund Performance may contain forward-looking statements. FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes any future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of one of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus. Investors are also cautioned that FLS is based on a number of factors and assumptions, including a Fund’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Management Discussion of Fund Performance

This Management Report of Fund Performance represents the portfolio management team's view of the significant factors and developments affecting the investment fund's performance and outlook for the year ended December 31, 2021, the investment fund's annual year end. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the investment fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Maxam Arbitrage Funds' Simplified Prospectus ("Prospectus"). In this report, "Manager", refers to Maxam Capital Management Ltd., the Manager of the Fund. The "Fund" refers to the Maxam Arbitrage Fund. In addition, "net asset value" or "NAV" refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based. All dollar figures are reported in Canadian dollars.

Investment Objective and Strategies

Maxam Arbitrage Fund (the "Fund") is an alternative mutual fund trust formed and organized under the laws of the Province of British Columbia and is governed by a declaration of trust dated August 11, 2020 (the "Declaration of Trust"). The Fund commenced active operations on October 1, 2020. The address of the Fund's registered office is 303 – 609 Granville Street, Vancouver BC Canada, V7Y 1A1.

The investment objective of the Fund is to generate consistent, positive returns, while minimizing volatility and correlation with equity markets by investing in publicly traded securities in Canada, the United States and other foreign jurisdictions. The Fund employs an active and opportunistic investment strategy with a focus on merger arbitrage and other event-driven hedged opportunities. These typically include profiting from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations.

Risk

The risks associated with investing in the Fund remain as discussed in the Prospectus. There is no assurance that the Fund will be able to achieve its total return and capital preservation objectives. There is no assurance that the portfolio will earn any return and no assurances can be given as to the amount of distributions in future years and that the net asset value (the "NAV") of the Fund will appreciate or be preserved.

For the year ended December 31, 2021 and the period from the Fund's inception to December 31, 2020, there were no changes affecting the overall level of risk associated with an investment in the Fund. Therefore, the overall level of Fund risk and investor risk tolerance remains as stated in the Prospectus.

The Fund is suitable for investors looking for a low to medium risk, diversified portfolio of alternative investment strategies focused on arbitrage opportunities to hold as part of a diversified portfolio. Specific risks associated with an investment in the Maxam Arbitrage Fund include, but are not limited to:

Leverage Risk

The Fund may leverage its investment positions by borrowing funds. Leverage increases both the potential return and the risk of loss on any investment position. The Fund is subject to a gross aggregate exposure limit of up to 300% of its NAV which is the sum of its derivative (excluding hedging activity), shorting, and borrowing activities measured on a daily basis. This will operate to limit the extent to which the Fund is leveraged.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Currency Risk

The Fund's assets and liabilities are valued in Canadian dollars. When the Fund buys foreign securities, however, they are purchased with foreign currency. The U.S. dollar and the Euro, for example, both fluctuate in value against the Canadian dollar. An unfavourable move in the exchange rate for either currency may reduce, or even eliminate, any return on an investment priced in that currency. The opposite can also be true, as the Fund can benefit from changes in exchange rates.

The Fund may own securities denominated in foreign currencies. Maxam will have the discretion to decide the extent to which the currency risk may be hedged back to the Canadian dollar.

Arbitrage Risk

Arbitrage investing involves the risk that an expected corporate transaction will not be consummated as expected and the Fund will experience a loss.

SPAC Risk

The Fund may invest a portion of its assets in the stock, warrants, and other securities of special purpose acquisition companies ("SPACs") or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in government securities, money market fund securities and/or cash until an acquisition is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. Mutual funds that purchase equities become part owners in these companies. The price of a stock is influenced by the company's performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks should rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk.

For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. The share price of such companies is often more volatile than the share price of larger, more established companies. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.

Investing in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, carry varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors. Certain convertible securities may also be subject to interest rate risk.

For further details relating to risks of investing in the Fund, please refer to the Simplified Prospectus.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Results of Operations

The Maxam Arbitrage Fund (the “Fund”) commenced operations on October 1, 2020. As at December 31, 2021, the net assets of the Fund were \$8,151,394 (2020 - \$3,024,473), representing net unitholder purchases of \$5,045,321 (2020 - \$2,945,369) (including seed capital of \$150,000 (2020 - \$150,000)) plus \$330,835 (2020 - \$79,104) attributable to positive investment performance net of expenses. The following comments and the comments under “Recent Developments” reflect the views of the portfolio management team and are based on information as at the end of the year.

We are pleased to report that fund flows during the year were again positive, and we are optimistic that the fund will see a continuation of positive fund flows as investment advisors assess the Fund’s strategy and attractive reward-to-risk characteristics.

The Fund’s primary investment strategy is merger arbitrage. This is a strategy in which we aim to earn a positive return by purchasing companies that are the subject of announced merger and acquisition transactions at a discount to the merger consideration. The Fund also employs other arbitrage strategies such as SPAC (“special purpose acquisition company”) arbitrage, subscription receipt arbitrage and convertible arbitrage.

Mergers and acquisitions volumes reached record highs in 2021. Factors fueling the robust dealmaking included increased executive confidence, rising company valuations, low interest rates and significant amounts of private equity capital seeking targets. Plentiful dealmaking in the US led to a large opportunity set to deploy capital into while increased regulatory scrutiny from both the Federal Trade Commission (FTC) and the Department of Justice (DOJ) resulted in wider spreads on many of the larger deals. The Fund participated in 136 deals during 2021.

2021 was also a record year for SPAC issuance. The frenzied pace seen in the first quarter abated somewhat through the balance of the year and discounts to trust value widened late in Q4 making for attractive arbitrage opportunities for the Fund. With over 500 SPACs looking for acquisitions, the Fund has focused on those with attractive discounts and relatively shorter times to redemption.

Our gross strategy mix at period end was approximately 27% in merger arbitrage and 73% in SPACs. The Fund’s holdings remain well diversified across industry sectors.

During the year ended December 31, 2021, the Fund’s gross exposure ranged from 84.3% to 158.9% (period from the Fund’s inception to December 31, 2020, 6.5% to 122.9%).

For the year ended December 31, 2021 the Fund Class F units returned +5.51%, the Class FF units returned +6.06%, the Class A units returned +4.75%, the Class AF units returned +5.13% and the Class I units returned +7.73%. As a point of comparison, the FTSE Canada Universe Bond Index returned -2.54% and the MSCI World Index returned +19.02% measured in Canadian Dollar returns over the same time period. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns. Full performance statistics and comparison information can be found in the *Past Performance* section of this report.

Recent Developments

Risk management is central to our disciplined investment process, and we are mindful of the increased scrutiny that regulators are applying in their review of transactions. Regulatory approval risks are typically more prevalent with large and mega-cap combinations, and in situations where competition and market dominance are of concern.

Our fund’s flexibility affords us with advantages from a liquidity perspective with respect to both managing risks and seeking returns. We enjoy the flexibility of deploying capital in mid-cap and small cap deals where the regulatory risks are much less burdensome (if present at all) and spreads are as attractive (if not more so) than in their larger cap brethren.

With many of the factors that drove record deal activity in 2021 remaining in place today, we expect healthy deal activity in 2022 – providing us with attractive opportunities to deploy capital.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

In addition to the attractive spreads available to us today in both traditional merger arbitrage and SPAC arbitrage, the prospect for rising interest rates should reinforce returns. Arbitrage is a low duration strategy that has historically exhibited improving returns as interest rates have risen.

The Maxam Arbitrage Fund is well-suited to the current environment. The strategy's low-risk and consistent return profile, plus its low correlation with traditional equity and fixed income strategies, make it an attractive solution for both diversification and returns.

Related Party Transactions

For commencement of operations on October 1, 2020 through December 31, 2021, Maxam Capital Management Ltd. was responsible for the day-to-day business operations and affairs of the Fund and was entitled to fees as described under "Management Fees" and "Performance Fees" below.

As at the end of the year, the Manager, its officers and directors collectively owned 6,391 (2020 – 102) Class A units, 12,435 (2020 - 14,324) Class AF units, 101 (2020 – 101) Class F units, 101 (2020 – 101) Class FF units, and 81,018 (2020 - 87,210) Class I units.

Expenses absorbed by the Manager

The Fund is responsible for all of its operating expenses, including legal, audit, administration and all other expenses incurred in the ordinary course of operations. The Fund reimburses the Manager for expenses paid by the Manager on behalf of the Fund. The Manager, at its discretion, may reduce or waive these expenses or reimburse the Fund for its expenses. For the year ended December 31, 2021, the Manager absorbed \$133,165 of the Fund's expenses (For the period from commencement of operations on October 1, 2020, to December 31, 2020 - \$45,618).

Management Fees:

The Manager receives a management fee payable by the Fund monthly, in arrears for providing its services to the Fund. The management fee for the Fund is calculated daily, on each business day, as a percentage of the NAV of each Class of Units that comprise the Fund, plus applicable taxes.

The annual management fee as a percentage of NAV for each class is shown below:

- Class A units: 1.90% per annum
- Class AF Founders units: 1.45% per annum
- Class F units: 0.90% per annum
- Class FF Founders units: 0.45% per annum
- Class I units: Negotiated by the investor and paid directly by the investor. The management fee shall not exceed the management fee payable on Class A units.

Performance Fees:

The Manager receives a performance fee in respect of Class A, Class AF Founders, Class F and Class FF Founders Units which is calculated and accrued each business day during the relevant Performance Fee Determination Period (as defined below).

Maxam Arbitrage Fund will pay the Manager a performance fee plus GST/HST and any other applicable taxes for each Performance Fee Determination Period equal to 15% of the Net Profit (as defined below) of Class A, Class AF Founders, Class F and Class FF Founders Units, subject to the High Watermark (as defined below).

The "Performance Fee Determination Period" means (i) each calendar quarter for those investors that remain in the Fund at the end of each quarterly period, and (ii) the period from the beginning of a calendar quarter until the redemption date for those investors that redeem prior to the end of a calendar quarter.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

“Net Profit” means, in respect of each Class of Units of the Fund for any Performance Fee Determination Period, the amount calculated by deducting the relevant Class NAV per Unit on the first business day of that Performance Fee Determination Period for the applicable Class from the Class NAV per Unit on the last business day of that Performance Fee Determination Period for that Class and multiplying the resulting amount by the total number of Units of such Class outstanding at the close of business on the last business day in that Performance Fee Determination Period.

No performance fee shall be paid in respect of a Class unless the Class NAV per Unit for that Class exceeds the highest Class NAV per Unit in respect of which a performance fee has been previously paid for that series (the “High Watermark”) and, in such circumstances, a performance fee shall only be paid on that portion of the Net Profit that exceeds the High Watermark.

Investors in Class I Units may negotiate a performance fee (in accordance with applicable regulatory requirements) to be paid by the investor to the Manager that is different than the one described above or may pay no performance fee at all, as determined by the Manager in its discretion.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past period since the inception date.

Class A		
The Fund's Net Asset Value (NAV) per Class A Unit ⁽¹⁾	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$ 10.14	10.00
Increase in net assets attributable to holders of redeemable units:		
Total revenue	0.07	–
Total expenses	(0.50)	(0.14)
Realized gain for the year	0.70	0.41
Unrealized gain for the year	0.22	0.06
Total increase in net assets attributable to holders of redeemable units ⁽²⁾	0.49	0.33
Distributions:		
From capital gains	–	(0.19)
Total Annual Distributions ^{(2) (3)}	–	(0.19)
Net assets attributable to holders of redeemable units, end of year ⁽²⁾	\$ 10.63	10.14
Ratios and Supplemental Data		
Total Net Asset Value ⁽⁴⁾	\$ 330,123	1,034
Number of units outstanding ⁽⁴⁾	31,060	102
Management expense ratio ⁽⁵⁾	3.28%	2.94%
Trading expense ratio ⁽⁶⁾	0.53%	0.92%
Portfolio turnover rate ⁽⁷⁾	271.05%	306.82%
Net Asset Value per Unit	\$ 10.63	10.14

Class AF		
The Fund's Net Asset Value (NAV) per Class AF Unit ⁽¹⁾	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$ 10.23	10.00
Increase in net assets attributable to holders of redeemable units:		
Total revenue	0.08	0.01
Total expenses	(0.35)	(0.15)
Realized gain for the year	0.47	0.53
Unrealized gain for the year	0.32	0.09
Total increase in net assets attributable to holders of redeemable units ⁽²⁾	0.52	0.48
Distributions:		
From capital gains	–	(0.12)
Total Annual Distributions ^{(2) (3)}	–	(0.12)
Net assets attributable to holders of redeemable units, end of year ⁽²⁾	\$ 10.75	10.23
Ratios and Supplemental Data		
Total Net Asset Value ⁽⁴⁾	\$ 1,193,410	813,999
Number of units outstanding ⁽⁴⁾	111,014	79,604
Management expense ratio ⁽⁵⁾	2.60%	2.37%
Trading expense ratio ⁽⁶⁾	0.53%	0.92%
Portfolio turnover rate ⁽⁷⁾	271.05%	306.82%
Net Asset Value per Unit ⁽⁶⁾	\$ 10.75	10.23

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Class F			
The Fund's Net Asset Value (NAV) per Class F Unit ⁽¹⁾		December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$	10.31	10.00
Increase in net assets attributable to holders of redeemable units:			
Total revenue		0.07	0.01
Total expenses		(0.21)	(0.13)
Realized gain for the year		0.35	0.78
Unrealized gain (loss) for the year		0.36	(0.20)
Total increase in net assets attributable to holders of redeemable units ⁽²⁾		0.57	0.46
Distributions:			
From capital gains		–	(0.05)
Total Annual Distributions ^{(2) (3)}		–	(0.05)
Net assets attributable to holders of redeemable units, end of year ⁽²⁾	\$	10.88	10.31
Ratios and Supplemental Data			
Total Net Asset Value ⁽⁴⁾	\$	2,723,271	336,665
Number of units outstanding ⁽⁴⁾		250,388	32,661
Management expense ratio ⁽⁵⁾		2.12%	1.60%
Trading expense ratio ⁽⁶⁾		0.53%	0.92%
Portfolio turnover rate ⁽⁷⁾		271.05%	306.82%
Net Asset Value per Unit ⁽⁶⁾	\$	10.88	10.31

Class FF			
The Fund's Net Asset Value (NAV) per Class FF Unit ⁽¹⁾		December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$	10.25	10.00
Increase in net assets attributable to holders of redeemable units:			
Total revenue		0.07	0.01
Total expenses		(0.18)	(0.12)
Realized gain for the year		0.44	0.43
Unrealized gain for the year		0.29	0.10
Total increase in net assets attributable to holders of redeemable units ⁽²⁾		0.62	0.42
Distributions:			
From capital gains		–	(0.12)
Total Annual Distributions ^{(2) (3)}		–	(0.12)
Net assets attributable to holders of redeemable units, end of year ⁽²⁾	\$	10.87	10.25
Ratios and Supplemental Data			
Total Net Asset Value ⁽⁴⁾	\$	2,783,928	978,041
Number of units outstanding ⁽⁴⁾		256,188	95,458
Management expense ratio ⁽⁵⁾		1.55%	1.44%
Trading expense ratio ⁽⁶⁾		0.53%	0.92%
Portfolio turnover rate ⁽⁷⁾		271.05%	306.82%
Net Asset Value per Unit ⁽⁶⁾	\$	10.87	10.25

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Class I			
The Fund's Net Asset Value (NAV) per Class I Unit ⁽¹⁾		December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$	10.26	10.00
Increase in net assets attributable to holders of redeemable units:			
Total revenue		0.08	–
Total expenses		(0.12)	(0.03)
Realized gain for the year		0.48	0.41
Unrealized gain for the year		0.35	0.07
Total increase in net assets attributable to holders of redeemable units ⁽²⁾		0.79	0.45
Distributions:			
From capital gains		–	(0.19)
Total Annual Distributions ^{(2) (3)}		–	(0.19)
Net assets attributable to holders of redeemable units, end of year ⁽²⁾	\$	11.05	10.26
Ratios and Supplemental Data			
Total Net Asset Value ⁽⁴⁾	\$	1,120,662	894,734
Number of units outstanding ⁽⁴⁾		101,395	87,210
Management expense ratio ⁽⁵⁾		1.08%	1.00%
Trading expense ratio ⁽⁶⁾		0.53%	0.92%
Portfolio turnover rate ⁽⁷⁾		271.05%	306.82%
Net Asset Value per Unit ⁽⁶⁾	\$	11.05	10.26

Notes:

- (1) This information is derived from the Fund's financial statements for covering the year ended December 31, 2021 and the period from October 1, 2020 (commencement of operations) to December 31, 2020 and is not a reconciliation of beginning and ending net assets per unit.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase(decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were automatically reinvested in additional units of the Fund.
- (4) This information is provided as at December 31, 2021 and 2020, of the period shown, as applicable.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period. Included in the trading expense ratio are the forward fees.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the units in its portfolio once in the course of the period. The higher a funds' portfolio turnover rate in the period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

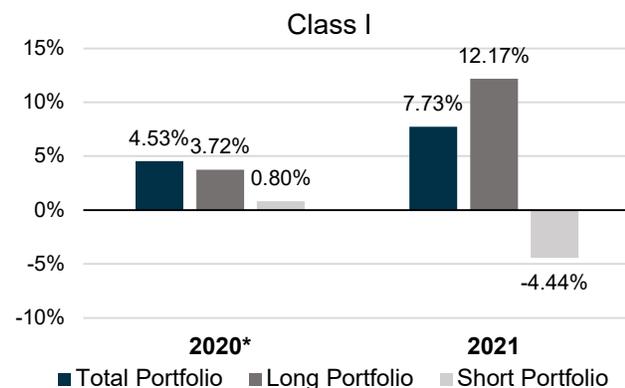
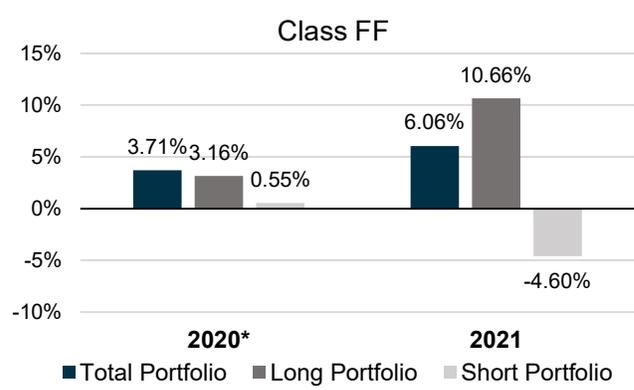
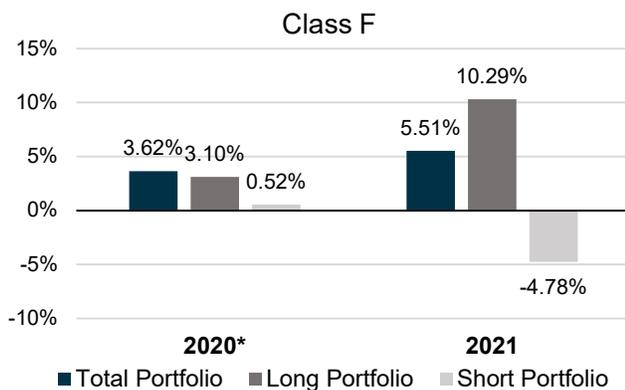
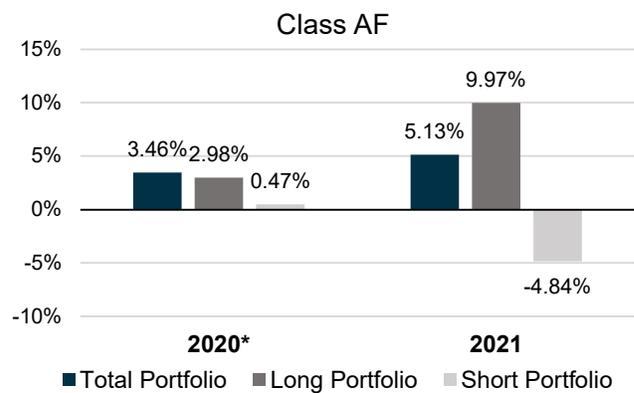
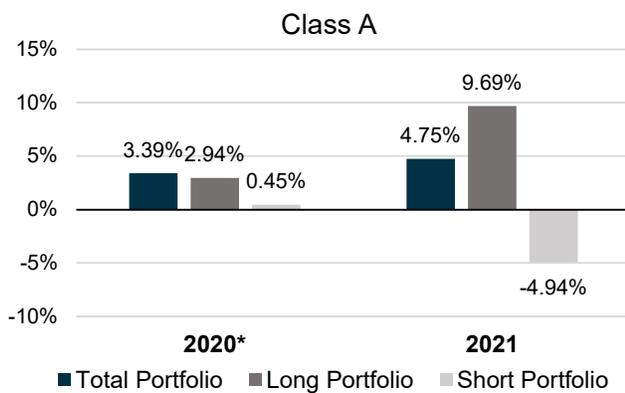
December 31, 2021

Past Performance

The following charts present the performance of each class of the Fund for each of the fiscal periods shown. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. All rates of return are calculated based on the net asset value of the particular class of the Fund. Past returns of the Fund do not necessarily indicate how it will perform in the future. As required under applicable securities regulation, the return of the Fund's long and short portfolio positions are shown for each class in addition to the overall total return for each such class.

Year-by-Year>Returns

The following chart indicates the performance of each series of the Fund each year from inception on October 1, 2020 to December 31, 2021. The chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



* Fund Inception Date: October 1, 2020

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Annual Compound Returns

The table below shows the annual and compound since inception returns for the period ending December 31, 2021 for each class of the Fund and the respective long and short portfolio positions. The inception date for all classes shown is October 1, 2020. For comparison purposes, the Manager shows compound returns for the same time periods for the MSCI World Index (measured in Canadian Dollar returns) and the FTSE Canada Universe Bond Index.

The MSCI World Index captures large and mid-cap representation across 23 Developed Markets countries. With 1,539 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The FTSE Canada Universe Bond Index measures the performance of the Canadian Dollar denominated investment-grade fixed income market, covering Canadian government, quasi-government and corporate bonds. The index is designed to track the performance of marketable government and corporate bonds outstanding in the Canadian market.

	1 Year	Annualized Since Inception
Total portfolio - Class A Units	4.75%	6.59%
Long portfolio - Class A Units	9.69%	10.22%
Short portfolio - Class A Units	-4.94%	-3.63%
Total portfolio - Class AF Units	5.13%	6.95%
Long portfolio - Class AF Units	9.97%	10.48%
Short portfolio - Class AF Units	-4.84%	-3.53%
Total portfolio - Class F Units	5.51%	7.40%
Long portfolio - Class F Units	10.29%	10.84%
Short portfolio - Class F Units	-4.78%	-3.44%
Total portfolio - Class FF Units	6.06%	7.92%
Long portfolio - Class FF Units	10.66%	11.19%
Short portfolio - Class FF Units	-4.60%	-3.27%
Total portfolio - Class I Units	7.73%	9.96%
Long portfolio - Class I Units	12.17%	12.91%
Short portfolio - Class I Units	-4.44%	-2.95%
MSCI World Index (CAD)	19.02%	23.15%
FTSE Canada Universe Bond Index	-2.54%	-1.54%

MAXAM ARBITRAGE FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

Summary of Investment Portfolio at December 31, 2021

Summary of Top 25 Holdings

Security	% of Net Assets
Nuance Communications Inc.	3.2
Athene Holding Ltd.	3.1
Ceres Acquisition Corp.	2.5
Velocity Acquisition Corp.	2.3
Shaw Communications Inc.	2.2
Silver Spike III Acquisition Corp.	2.2
Apollo Healthcare Corp.	2.2
Noront Resources Ltd.	2.2
Sol Cuisine Ltd.	2.1
ECP Environmental Growth Opportunities Corp.	2.0
Welbilt Inc.	2.0
Pershing Square Tontine Holdings Ltd.	1.9
Corvus Gold Inc.	1.9
Cominar Real Estate Investment Trust	1.9
Periphas Capital Partnering Corp.	1.7
Silver Crest Acquisition Corp.	1.7
Healthcare Capital Corp.	1.7
MDH Acquisition Corp.	1.7
Veoneer Inc.	1.7
Northern Star Investment Corp II	1.6
Ibere Pharmaceuticals	1.6
Warrior Technologies Acquisition Co.	1.5
Choice Consolidation Corp.	1.5
Fiore Gold LTD	1.5
Atotech Ltd.	1.4
Top 25 Holdings	49.1

Summary of Composition of the Portfolio

	% of Net Assets
Equities	
Basic Materials	8.5
Communications	2.9
Consumer, Cyclical	2.2
Consumer, Non-cyclical	6.4
Diversified	110.4
Financial	3.4
Industrial	2.9
Technology	4.2
Total equities	140.9
Total investments	140.9
Cash and cash equivalents	(35.6)
Other assets and liabilities	(5.3)
Total Net Assets	100.0

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.