



MAXAM



CAPITAL MANAGEMENT

MAXAM ARBITRAGE FUND

Annual Management Report of Fund Performance

For the year ended December 31, 2023

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 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.

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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, 2023, the investment fund's 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, 2023 and 2022, there were no changes affecting the overall level of risk associated with an investment in the Fund.

The Fund is suitable for investors looking for a low 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.

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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.

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Results of Operations

The Maxam Arbitrage Fund (the “Fund”) commenced operations on October 1, 2020. As at December 31, 2023, the net assets of the Fund were \$16,168,288 (2022 - \$12,089,132), representing net unitholder purchases of \$3,369,073 (2022 - \$3,686,875) plus \$710,083 (2022 - \$250,863) 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 period.

We report that fund flows during the year were positive as investment advisors continue to favour 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.

At the outset of the year there was some fear that a recession was looming because of rising inflation and the eventual impact that higher interest would have on the economy. While the 2023 calendar year was not without volatility, both bonds and equities finished year in positive territory. Bellwether equity indices, such as the S&P 500 Index, were fueled by gains in the technology sector, with notable strong performance coming from the largest capitalization technology stocks which were buoyed by the artificial intelligence theme. Bonds broadly spent most of the year flat to slightly lower before rising steadily in the fourth quarter on expectations that the central bank rate hiking cycle was complete.

Fund performance was positive and relatively consistent during 2023, demonstrating the benefits of arbitrage strategies during volatile and uncertain environments. Merger arbitrage and SPAC arbitrage yields were generally higher in 2023 than in 2022, with both benefiting from higher interest rates. We continue to see and deploy capital into a diversified portfolio of attractive risk-adjusted return opportunities across the market capitalization spectrum.

Our gross strategy mix at year end was approximately 37.1% in merger arbitrage, 155.1% in SPACs. The Fund’s holdings remain well diversified across industry sectors.

During the year ended December 31, 2023, the Fund’s gross exposure ranged from 146.8% to 199.4% (2022, 144.6% to 198.8%).

For the year ended December 31, 2023, the Fund Class F units returned 5.24% (2022, 2.04%), the Class FF units returned 5.66% (2022, 2.46%), the Class A units returned 4.30% (2022, 1.12%), the Class AF units returned 4.73% (2022, 1.56%) and the Class I units returned 7.26% (2022, 3.42%). As a point of comparison, the FTSE Canada Universe Bond Index returned 6.69% (2022, -11.69%) and the MSCI World Index returned 18.86% (2022, -13.86%) 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

While cumulative M&A deal value was lower in 2023 than it was in 2022 – likely the result of higher interest rates, a softer economy, rising geopolitical tensions and continued regulatory scrutiny on large deals – the total quantum of transactions continued to provide us with a robust arbitrage opportunity set. In fact, we added a greater number of deals to our database in 2023 than we did in the previous year. Notably, we saw an uptick in small and mid-capitalization deal activity as opportunistic acquirors, both strategic and financial, took advantage of some bargain valuations.

We expect to continue to see healthy deal activity beneath the surface of the large caps. This is an attractive opportunity set for us to take advantage of because small/mid-cap transactions often face less regulatory scrutiny than large deals and they typically close more quickly. Additionally, smaller deals can sometimes trade at higher

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gross spreads due to larger pools of capital not being able to allocate efficiently to them.

Merger arbitrage spreads continue to be attractive with annualized yields at approximately 10% on average – with some dispersion around that figure.

The number of publicly listed SPACs continued to shrink in 2023, with the universe declining by roughly half to 270 securities, however the pace of contraction was slower than otherwise expected. We observed many SPAC sponsors electing to extend their deal timelines by adding more capital to trust accounts.

Despite a smaller number of SPACs outstanding, the market size remains actionable and attractive for our Fund with remaining SPACs holding approximately US\$18 billion of capital in trust accounts at year end – a figure that is spread relatively evenly across those still searching for deals and those with announced transactions.

We view the current SPAC arbitrage environment as particularly well-suited for our systematic and discretionary approach - presenting us with the prospect of earning annualized returns in the mid-to-high single digit range on securities that are backed by T-bills held in trust. This risk/reward strikes us as quite attractive, especially when you consider that these returns are largely taxed as capital gains.

Looking ahead, we continue to see a positive arbitrage environment characterized by healthy deal flow and attractive arbitrage yields.

Risk management is central to our quantitative, data-centric and disciplined investment process. 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, 2023, 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 1,767 (2022 – 1,767) Class A units, 6,886 (2022 – 6,886) Class AF units, 11,645 (2022 – 9,450) Class F units, 5,579 (2022 – 5,579) Class FF units, and 99,459 (2022 - 98,165) 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, 2023, the Manager absorbed \$110,769 of the Fund's expenses (2022 - \$150,447).

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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.

"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.

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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, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$ 10.75	10.63	10.14	10.00
Increase in net assets attributable to holders of redeemable units:				
Total revenue	0.02	(0.04)	0.07	–
Total expenses	(0.91)	(0.51)	(0.50)	(0.14)
Realized gain (loss) for the year	1.79	0.58	0.70	0.41
Unrealized gain (loss) for the year	(0.42)	0.09	0.22	0.06
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.48	0.12	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⁾	\$ 11.21	10.75	10.63	10.14
Ratios and Supplemental Data				
Total Net Asset Value ⁽⁴⁾	\$ 643,785	984,412	330,123	1,034
Number of units outstanding ⁽⁴⁾	57,432	91,593	31,060	102
Management expense ratio ⁽⁵⁾	3.19%	2.75%	3.68%	5.52%
Management expense ratio before waivers or absorptions ⁽⁵⁾	4.07%	4.15%	5.71%	26.04%
Trading expense ratio ⁽⁶⁾	5.80%	2.61%	1.00%	0.92%
Portfolio turnover rate ⁽⁷⁾	315.02%	319.13%	271.05%	306.82%
Net Asset Value per Unit	\$ 11.21	10.75	10.63	10.14

Class AF				
The Fund's Net Asset Value (NAV) per Class AF Unit ⁽¹⁾	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year	\$ 10.92	10.75	10.23	10.00
Increase in net assets attributable to holders of redeemable units:				
Total revenue	0.02	(0.09)	0.08	0.01
Total expenses	(0.89)	(0.43)	(0.35)	(0.15)
Realized gain (loss) for the year	1.99	0.54	0.47	0.53
Unrealized gain (loss) for the year	(0.52)	0.16	0.32	0.09
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.60	0.18	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⁾	\$ 11.43	10.92	10.75	10.23
Ratios and Supplemental Data				
Total Net Asset Value ⁽⁴⁾	\$ 265,976	1,049,432	1,193,410	813,999
Number of units outstanding ⁽⁴⁾	23,262	96,120	111,014	79,604
Management expense ratio ⁽⁵⁾	2.89%	2.27%	3.01%	5.94%
Management expense ratio before waivers or absorptions ⁽⁵⁾	3.80%	3.67%	5.04%	7.90%
Trading expense ratio ⁽⁶⁾	5.80%	2.61%	1.00%	0.92%
Portfolio turnover rate ⁽⁷⁾	315.02%	319.13%	271.05%	306.82%
Net Asset Value per Unit ⁽⁶⁾	\$ 11.43	10.92	10.75	10.23

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Class F					
The Fund's Net Asset Value (NAV) per Class F Unit ⁽¹⁾	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	
Net assets attributable to holders of redeemable units, beginning of year	\$ 11.10	10.88	10.31	10.00	
Increase in net assets attributable to holders of redeemable units:					
Total revenue	0.03	(0.06)	0.07	0.01	
Total expenses	(0.84)	(0.43)	(0.21)	(0.13)	
Realized gain (loss) for the year	1.96	0.55	0.35	0.78	
Unrealized gain (loss) for the year	(0.56)	0.15	0.36	(0.20)	
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.59	0.21	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⁾	\$ 11.68	11.10	10.88	10.31	
Ratios and Supplemental Data					
Total Net Asset Value ⁽⁴⁾	\$ 12,401,052	6,510,302	2,723,271	336,665	
Number of units outstanding ⁽⁴⁾	1,061,789	586,639	250,388	32,661	
Management expense ratio ⁽⁵⁾	2.26%	1.87%	2.51%	4.98%	
Management expense ratio before waivers or absorptions ⁽⁵⁾	3.08%	3.27%	4.54%	(16.70)%	
Trading expense ratio ⁽⁶⁾	5.80%	2.61%	1.00%	0.92%	
Portfolio turnover rate ⁽⁷⁾	315.02%	319.13%	271.05%	306.82%	
Net Asset Value per Unit ⁽⁶⁾	\$ 11.68	11.10	10.88	10.31	

Class FF					
The Fund's Net Asset Value (NAV) per Class FF Unit ⁽¹⁾	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	
Net assets attributable to holders of redeemable units, beginning of year	\$ 11.13	10.87	10.25	10.00	
Increase in net assets attributable to holders of redeemable units:					
Total revenue	0.02	(0.09)	0.07	0.01	
Total expenses	(0.79)	(0.34)	(0.18)	(0.12)	
Realized gain (loss) for the year	1.66	0.50	0.44	0.43	
Unrealized gain (loss) for the year	(0.27)	0.20	0.29	0.10	
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.62	0.27	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⁾	\$ 11.76	11.13	10.87	10.25	
Ratios and Supplemental Data					
Total Net Asset Value ⁽⁴⁾	\$ 1,547,148	2,190,054	2,783,928	978,041	
Number of units outstanding ⁽⁴⁾	131,515	196,697	256,188	95,458	
Management expense ratio ⁽⁵⁾	1.85%	1.37%	2.01%	4.61%	
Management expense ratio before waivers or absorptions ⁽⁵⁾	2.74%	2.77%	4.04%	16.13%	
Trading expense ratio ⁽⁶⁾	5.80%	2.61%	1.00%	0.92%	
Portfolio turnover rate ⁽⁷⁾	315.02%	319.13%	271.05%	306.82%	
Net Asset Value per Unit ⁽⁶⁾	\$ 11.76	11.13	10.87	10.25	

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Class I					
The Fund's Net Asset Value (NAV) per Class I Unit ⁽¹⁾	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	
Net assets attributable to holders of redeemable units, beginning of year	\$ 11.43	11.05	10.26	10.00	
Increase in net assets attributable to holders of redeemable units:					
Total revenue	0.03	(0.08)	0.08	–	
Total expenses	(0.64)	(0.26)	(0.12)	(0.03)	
Realized gain (loss) for the year	1.84	0.52	0.48	0.41	
Unrealized gain (loss) for the year	(0.40)	0.21	0.35	0.07	
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.83	0.39	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⁾	\$ 12.26	11.43	11.05	10.26	
Ratios and Supplemental Data					
Total Net Asset Value ⁽⁴⁾	\$ 1,310,327	1,354,932	1,120,662	894,734	
Number of units outstanding ⁽⁴⁾	106,881	118,541	101,395	87,210	
Management expense ratio ⁽⁵⁾	0.34%	0.46%	0.63%	1.00%	
Management expense ratio before waivers or absorptions ⁽⁵⁾	1.21%	1.86%	2.66%	20.82%	
Trading expense ratio ⁽⁶⁾	5.80%	2.61%	1.00%	0.92%	
Portfolio turnover rate ⁽⁷⁾	315.02%	319.13%	271.05%	306.82%	
Net Asset Value per Unit ⁽⁶⁾	\$ 12.26	11.43	11.05	10.26	

Notes:

- (1) This information is derived from the Fund's financial statements for covering the year ended December 31, 2023, December 31, 2022, 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, 2023, December 31, 2022, December 31, 2021 and December 31, 2020, of the period shown, as applicable.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions, interest on borrowed funds 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 including interest expense on borrowed funds, expressed as an annualized percentage of daily average NAV during the period.
- (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.

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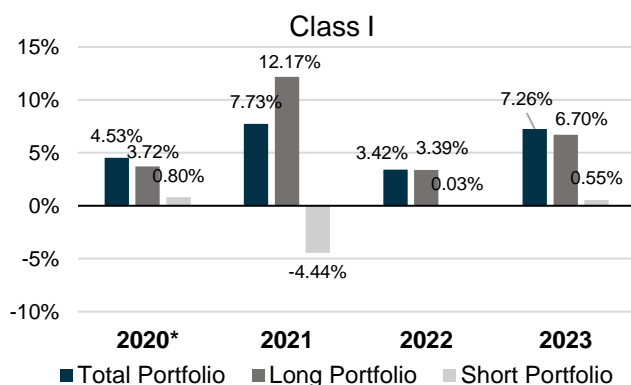
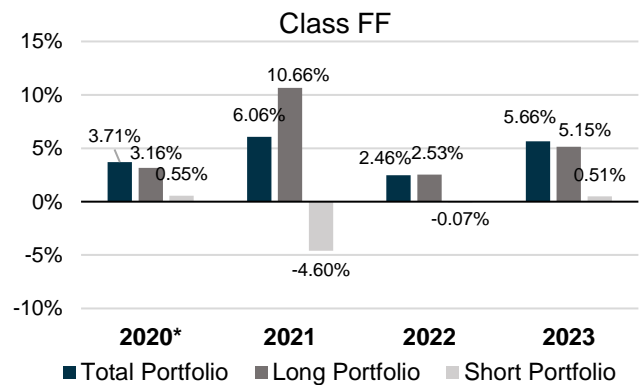
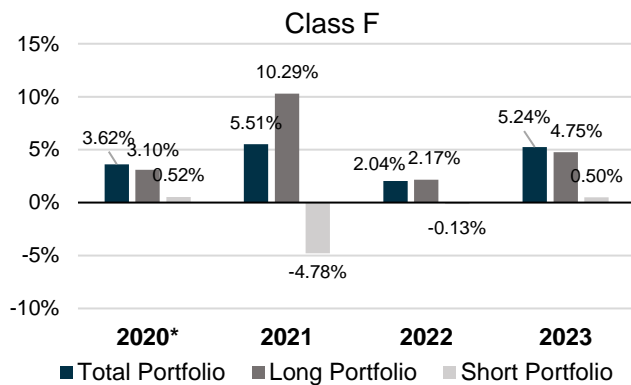
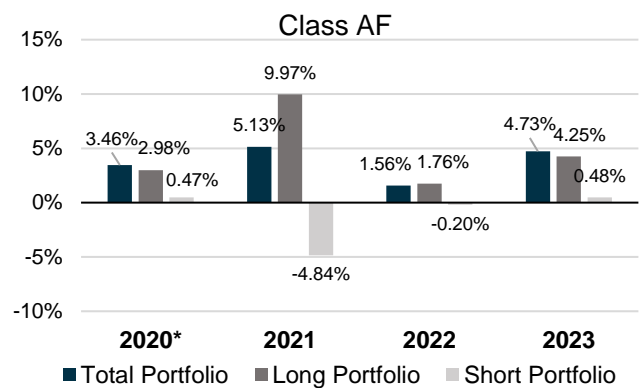
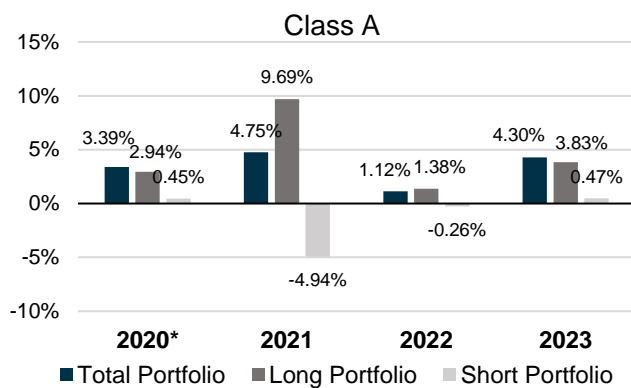
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Past Performance

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 period from inception on October 1, 2020 to December 31, 2023. 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.



MAXAM ARBITRAGE FUND

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Annual Compound Returns

The table below shows the annual and compound since inception returns for the year ending December 31, 2023 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 1,479 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.

	2023	2022	2021	2020	Annualized Since Inception
Total portfolio - Class A Units	4.30%	1.12%	4.75%	3.39%	4.18%
Long portfolio - Class A Units	3.83%	1.38%	9.69%	2.94%	5.52%
Short portfolio - Class A Units	0.47%	-0.26%	-4.94%	0.45%	-1.35%
Total portfolio - Class AF Units	4.73%	1.56%	5.13%	3.46%	4.58%
Long portfolio - Class AF Units	4.25%	1.76%	9.97%	2.98%	5.87%
Short portfolio - Class AF Units	0.48%	-0.20%	-4.84%	0.47%	-1.29%
Total portfolio - Class F Units	5.24%	2.04%	5.51%	3.62%	5.06%
Long portfolio - Class F Units	4.75%	2.17%	10.29%	3.10%	6.29%
Short portfolio - Class F Units	0.50%	-0.13%	-4.78%	0.52%	-1.22%
Total portfolio - Class FF Units	5.66%	2.46%	6.06%	3.71%	5.52%
Long portfolio - Class FF Units	5.15%	2.53%	10.66%	3.16%	6.66%
Short portfolio - Class FF Units	0.51%	-0.07%	-4.60%	0.55%	-1.14%
Total portfolio - Class I Units	7.26%	3.42%	7.73%	4.53%	7.08%
Long portfolio - Class I Units	6.70%	3.39%	12.17%	3.72%	8.05%
Short portfolio - Class I Units	0.55%	0.03%	-4.44%	0.80%	-0.97%
MSCI World Index (CAD)	18.86%	-13.86%	19.02%	9.00%	9.13%
FTSE Canada Universe Bond Index	6.69%	-11.69%	-2.54%	0.63%	-2.40%

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Summary of Investment Portfolio at December 31, 2023

Summary of Top 25 Holdings		Summary of Composition of the Portfolio	
Security	% of Net Assets		% of Net Assets
Crown PropTech Acquisitions	4.5	Equities	
Jaws Mustang Acquisition Corp.	3.9	Basic Materials	0.6
Bannix Acquisition Corp.	3.9	Communications	0.5
Pearl Holdings Acquisition Corp.	3.8	Consumer, Cyclical	2.4
Cartica Acquisition Corp.	3.7	Consumer, Non-cyclical	6.3
Kensington Capital Acquisition Corp V	3.7	Diversified	158.1
dMY Squared Technology Group Inc.	3.6	Energy	(0.1)
HH&L Acquisition Co.	3.6	Industrial	1.8
Trailblazer Merger Corp I	3.6	Technology	4.8
RF Acquisition Corp.	3.5	Total equities	174.4
Battery Future Acquisition Corp.	3.5		
SDCL EDGE Acquisition Corp.	3.5	Total investments	174.4
Southport Acquisition Corp.	3.5		
Pono Capital Three Inc.	3.5	Bank indebtedness	(70.2)
BurTech Acquisition Corp.	3.5		
SK Growth Opportunities Corp.	3.5	Other assets and liabilities	(4.2)
Spring Valley Acquisition Corp II	3.5	Total Net Assets	100.0
EVe Mobility Acquisition Corp.	3.4		
Global Partner Acquisition Corp II	3.4		
Ares Acquisition Corp II	3.3		
Zalatoris Acquisition Corp.	3.3		
DUET Acquisition Corp.	3.2		
Oak Woods Acquisition Corp.	3.2		
Andretti Acquisition Corp.	3.1		
Compass Digital Acquisition Corp.	3.1		
Top 25 Holdings	88.3		

Security	% of Net Assets
IAMGOLD Corp.	(0.7)
Chevron Corp.	(0.6)
Dundee Precious Metals Inc.	(0.3)
Top Holdings (Short)	(1.6)

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.