

# **BASKIN FIXED INCOME POOL**

## **Annual Financial Statements**

**For the period from the date of establishment on  
January 6, 2020 to December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of  
Baskin Fixed Income Pool  
(the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable units and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Ernst & Young LLP is written in a cursive, handwritten-style font.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 29, 2021

Dear Baskin Wealth Management Client

We are pleased to enclose the audited statements for our Baskin Fixed Income Pool which completed its first fiscal year on Dec. 31, 2020.

When we launched the pool just over a year ago, our goals were:

- To increase our return on investment by combining the buying power of our clients, allowing us to buy and sell at better prices;
- To increase portfolio diversification, particular for smaller portfolios, by having clients own units of a pool with many more investments than any one client would have;
- To manage credit risk and duration risk over a large pool of assets, thereby reducing risks for all client.

I am pleased to say that we achieved all of these goals. On top of that, we generated a very good return of 5.3% over about 11 months, in an environment of record low interest rates.

At year end, the Pool held assets with a value of about \$260 million. The cost of running the Pool attributable to unit holders was \$263,000 in total, or about 0.1% of assets. We view this as a very low price to pay for the benefits described above.

Thank you for your continuing trust in Baskin Wealth Management and for your participation in this new product.

Baskin Wealth Management

David P. Baskin, President

# Baskin Fixed Income Pool

## Statement of Financial Position As at December 31, 2020

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### ASSETS

#### Current assets

Cash	\$	1,191,060
Investments (Note 4)		257,535,625
Dividends and interest receivable		1,637,902
Subscriptions receivable (Note 9)		71,000
Expense reimbursement receivable (Note 6)		12,289
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		260,447,876
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### LIABILITIES

#### Current liabilities

Accounts payable and accrued liabilities		39,138
Payable for investments purchased		770,736
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		809,874
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**Net Assets Attributable to Holders of Redeemable Units** \$ **259,638,002**

**Number of Redeemable Units Outstanding (Note 5)** 25,401,618

**Net Assets Attributable to Holders of Redeemable Units per Unit (Note 10)** \$ 10.22

Approved and authorized for issue on behalf of the Fund by the Trustee:

Baskin Financial Services Inc., signed on its behalf by

*"David Baskin"*

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President, Baskin Financial Services Inc.

# Baskin Fixed Income Pool

## Statement of Comprehensive Income

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### Income

Dividends	\$	1,490,200
Interest income for distribution purposes		6,399,459
Net unrealized appreciation in fair value of investments		5,137,132
Net realized loss on sale of investments		<u>(215,130)</u>
		<u>12,811,661</u>

### Expenses

Operating costs		153,152
Offering costs		55,578
Custodial fees		37,382
Audit fees		15,425
Commissions and other portfolio transaction costs		<u>13,851</u>
		275,388
Expenses waived/absorbed (Note 6)		<u>(12,289)</u>
		<u>263,099</u>

**Increase in Net Assets Attributable to Holders of Redeemable Units** \$ 12,548,562

**Weighted Average of Redeemable Units Outstanding During the Period** 23,194,998

**Increase in Net Assets Attributable to Holders of Redeemable Units per Unit** \$ 0.54

## Baskin Fixed Income Pool

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the period from the date of establishment on January 6, 2020 to December 31, 2020

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	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
December 31, 2020	\$ <u>          —</u>	\$ <u>267,120,692</u>	\$ <u>(20,027,550)</u>	\$ <u>(7,198,449)</u>	\$ <u>7,194,747</u>	\$ <u>12,548,562</u>	\$ <u>259,638,002</u>

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



# Baskin Fixed Income Pool

## Statement of Cash Flows

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### Cash provided by (used in):

#### Operating Activities

Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 12,548,562
Adjustments for non-cash items	
Net unrealized appreciation in fair value of investments	(5,137,132)
Net realized loss on sale of investments	215,130
Change in non-cash balances	
Increase in dividends and interest receivable	(1,637,902)
Increase in expense reimbursement receivable	(12,289)
Increase in accounts payable and accrued liabilities	39,138
Proceeds from sale of investments	35,219,346
Purchase of investments	<u>(287,062,233)</u>
Cash used in operating activities	<u>(245,827,380)</u>

#### Financing Activities

Proceeds from redeemable units issued	267,049,692
Redemption of redeemable units	(20,027,550)
Distributions to holders of redeemable units, net of reinvestments	<u>(3,702)</u>
Cash provided by financing activities	<u>247,018,440</u>

Increase in cash during the period	1,191,060
Cash, beginning of period	<u>—</u>
<b>Cash, end of period</b>	<b>\$ <u>1,191,060</u></b>

#### Supplemental information\*

Interest received	4,910,210
Dividends received, net of withholding taxes	1,341,547

\*Included as a part of cash flows from operating activities

# Baskin Fixed Income Pool

## Schedule of Investment Portfolio

As at December 31, 2020

Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian equities</b>				
7,780	AltaGas Ltd. Preferred Shares 5%	\$ 179,096	\$ 190,376	0.07
98,985	Bank of Montreal Preferred Shares 4.40%	2,203,406	2,413,253	0.93
40,470	Bank of Montreal Preferred Shares 4.50%	938,499	1,003,250	0.39
19,360	Bank of Montreal Preferred Shares 4.85%	500,843	498,519	0.19
800	Bank of Montreal Preferred Shares 5.10%	19,992	20,380	0.01
39,000	BCE Inc. Preferred Shares 0%	495,061	550,680	0.21
39,100	BCE Inc. Preferred Shares 0%	492,253	545,445	0.21
39,000	BCE Inc. Preferred Shares 2.70%	504,370	546,000	0.21
39,000	BCE Inc. Preferred Shares 2.85%	497,508	547,560	0.21
39,000	BCE Inc. Preferred Shares 2.85%	495,392	544,830	0.21
39,000	BCE Inc. Preferred Shares 2.85%	499,144	546,390	0.21
57,430	Brookfield Asset Management Inc. Preferred Shares 4.75%	1,412,204	1,440,919	0.55
490	Brookfield Asset Management Inc. Preferred Shares 4.75%	10,736	11,606	0.00
23,480	Brookfield Asset Management Inc. Preferred Shares 4.80%	596,392	591,696	0.23
4,990	Brookfield Asset Management Inc. Preferred Shares 5%	126,996	126,696	0.05
8,745	Brookfield Infrastructure Partners LP Preferred Shares 5%	197,550	209,268	0.08
45,710	Brookfield Infrastructure Partners LP Preferred Shares 5%	1,076,471	1,117,610	0.43
13,680	Brookfield Infrastructure Partners LP Preferred Shares 5.35%	349,524	339,401	0.13
5,900	Brookfield Infrastructure Partners LP Preferred Shares 5.50%	149,919	148,120	0.06
5,275	Brookfield Office Properties Inc. Preferred Shares 5.10%	119,162	93,157	0.04
14,925	Brookfield Office Properties Inc. Preferred Shares 6%	390,587	324,619	0.13
3,129	Brookfield Property Split Corp. Preferred Shares 5%	79,164	78,929	0.03
15,696	Brookfield Property Split Corp. Preferred Shares 5.75%	400,248	404,172	0.16
36,185	Brookfield Renewable Partners LP Preferred Shares 5%	860,627	876,401	0.34
3,800	Brookfield Renewable Partners LP Preferred Shares 5.50%	96,330	95,418	0.04
375	Brookfield Renewable Partners LP Preferred Shares 5.75%	9,544	9,469	0.00
40,400	Brookfield Renewable Partners LP Preferred Shares 5.75%	1,021,060	1,022,120	0.39
106,100	Canadian Imperial Bank of Commerce Preferred Shares 4.40%	2,342,688	2,587,779	1.00
400	Canadian Imperial Bank of Commerce Preferred Shares 5.20%	9,496	9,980	0.00
10,650	Canadian Utilities Ltd. Preferred Shares 4.50%	272,108	275,303	0.11
6,555	Canadian Western Bank Preferred Shares 6.25%	172,790	166,038	0.06
28,700	E-L Financial Corp. Ltd. Preferred Shares 5.50%	719,509	721,805	0.28
62,205	Emera Inc. Preferred Shares 4.90%	1,563,998	1,596,802	0.62
28,850	Enbridge Inc. Preferred Shares 4.90%	712,595	661,531	0.25
66,490	Enbridge Inc. Preferred Shares 5.15%	1,684,135	1,603,074	0.62
36,200	Equitable Group Inc. Preferred Shares 6.35%	895,296	901,380	0.35
24,085	Fairfax Financial Holdings Ltd. Preferred Shares 4.75%	534,687	505,785	0.19
1,000	George Weston Ltd. Preferred Shares 4.75%	22,450	24,250	0.01
200	George Weston Ltd. Preferred Shares 5.20%	4,822	5,011	0.00
125	Great-West Lifeco Inc. Preferred Shares 4.80%	2,889	3,053	0.00

# Baskin Fixed Income Pool

## Schedule of Investment Portfolio (continued)

As at December 31, 2020

Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian equities (continued)</b>				
800	Great-West Lifeco Inc. Preferred Shares 4.85%	\$ 18,752	\$ 19,600	0.01
500	Great-West Lifeco Inc. Preferred Shares 5.20%	12,395	12,670	0.00
1,600	Great-West Lifeco Inc. Preferred Shares 5.65%	40,736	40,544	0.02
29,545	Laurentian Bank of Canada Preferred Shares 5.85%	759,011	741,580	0.29
5,850	Manulife Financial Corp. Preferred Shares 4.60%	126,360	138,938	0.05
36,750	Manulife Financial Corp. Preferred Shares 4.85%	912,870	920,955	0.35
2,100	Manulife Financial Corp. Preferred Shares 5.60%	54,453	53,319	0.02
72,240	National Bank of Canada Preferred Shares 4.45%	1,603,728	1,805,278	0.70
190	National Bank of Canada Preferred Shares 4.95%	3,899	4,361	0.00
34,225	National Bank of Canada Preferred Shares 5.40%	879,240	874,449	0.34
8,560	National Bank of Canada Preferred Shares 5.60%	219,906	217,766	0.08
35,025	Pembina Pipeline Corp. Preferred Shares 4.90%	834,996	798,220	0.31
48,155	Pembina Pipeline Corp. Preferred Shares 5.75%	1,206,228	1,215,432	0.47
18,900	Pembina Pipeline Corp. Preferred Shares 5.75%	478,120	475,335	0.18
1,000	Power Corp. of Canada Preferred Shares 5.60%	25,350	25,290	0.01
2,800	Power Corp. of Canada Preferred Shares 5.80%	72,436	71,260	0.03
435	Power Financial Corp. Preferred Shares 4.95%	10,179	10,705	0.00
2,180	Power Financial Corp. Preferred Shares 5.10%	51,775	54,696	0.02
800	Power Financial Corp. Preferred Shares 5.25%	19,496	20,280	0.01
4,500	Power Financial Corp. Preferred Shares 5.50%	112,905	114,503	0.04
6,410	Power Financial Corp. Preferred Shares 5.75%	163,455	162,942	0.06
950	Power Financial Corp. Preferred Shares 5.90%	23,883	24,311	0.01
9,649	Power Financial Corp. Preferred Shares 6%	242,190	248,462	0.10
8,080	Royal Bank of Canada Preferred Shares 5.50%	211,938	207,252	0.08
6,230	Royal Bank of Canada Preferred Shares 5.50%	162,541	158,616	0.06
99,185	TC Energy Corp. Preferred Shares 4.90%	2,509,772	2,469,707	0.95
46,905	TC Energy Corp. Preferred Shares 5.50%	1,223,751	1,197,016	0.46
26,960	The Bank of Nova Scotia Preferred Shares 4.85%	685,593	693,681	0.27
2,100	The Bank of Nova Scotia Preferred Shares 5.50%	54,159	53,907	0.02
775	The Bank of Nova Scotia Preferred Shares 5.50%	19,887	19,755	0.01
37,190	The Empire Life Insurance Co. Preferred Shares 5.75%	959,502	936,258	0.36
35,800	The Toronto-Dominion Bank Preferred Shares 4.50%	775,428	874,057	0.34
200	The Toronto-Dominion Bank Preferred Shares 4.70%	4,076	4,578	0.00
30,005	The Toronto-Dominion Bank Preferred Shares 4.85%	766,928	770,228	0.30
375	The Toronto-Dominion Bank Preferred Shares 5.20%	9,023	9,428	0.00
13,705	The Toronto-Dominion Bank Preferred Shares 5.50%	352,904	349,752	0.13
2,044,367	Vanguard Canadian Short-Term Corporate Bond Index ETF	50,274,847	51,456,717	19.82
		<u>88,542,253</u>	<u>90,609,923</u>	<u>34.90</u>
<b>Canadian fixed income</b>				
1,150,000	Ag Growth International Inc. 4.85% 30JUN22	1,175,875	1,155,750	0.45
2,450,000	Air Canada 4.75% 06OCT23	2,539,915	2,502,063	0.96
15,000	Algoma Central Corp. 5.25% 30JUN24	15,540	15,675	0.01
1,598,000	Algonquin Power Co. 4.65% 15FEB22	1,674,225	1,666,954	0.64

# Baskin Fixed Income Pool

## Schedule of Investment Portfolio (continued)

As at December 31, 2020

Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>				
2,464,500	Algonquin Power Co. 4.82% 15FEB21	\$ 2,531,534	\$ 2,475,837	0.95
2,842,500	Alimentation Couche-Tard Inc. 3.899% 01NOV22	2,970,270	3,015,807	1.16
100,000	AltaLink LP 2.747% 29MAY26	103,920	109,134	0.04
274,000	Bank of America Corp. 2.604% 15MAR23	276,055	280,927	0.11
333,000	Bank of America Corp. 3.228% 22JUN22	341,342	346,646	0.13
451,000	Bank of America Corp. 3.301% 24APR24	464,440	477,153	0.18
17,000	Bank of Montreal 2.89% 20JUN23	17,457	17,982	0.01
73,000	BCE Inc. Coupon Strip 0% 15NOV25	62,087	63,863	0.02
735,000	Bell Canada 3% 03OCT22	750,214	764,084	0.29
532,000	Bell Canada 3.35% 22MAR23	548,545	559,441	0.22
269,000	Bell Canada 4.70% 11SEP23	289,767	294,601	0.11
3,000	Bell Canada Inc. 2.70% 27FEB24	3,037	3,166	0.00
8,000	Bell Canada Inc. 7.65% 30DEC31	11,040	11,567	0.00
100,000	Bell Canada Inc. 8.875% 17APR26	130,005	134,906	0.05
663,000	Brookfield Asset Management Inc. 4.54% 31MAR23	707,686	716,663	0.28
2,000,000	Brookfield Asset Management Inc. 4.82% 28JAN26	2,232,800	2,316,800	0.89
3,000,000	Brookfield Infrastructure Finance ULC 4.193% 11SEP28	3,265,650	3,476,220	1.34
250,000	Canadian Government Real Return Bond 3% 01DEC36	483,404	526,583	0.20
2,635,700	Canadian Government Real Return Bond 4.25% 01DEC21	4,651,800	4,574,784	1.76
15,000	Canadian Imperial Bank of Commerce 2.47% 05DEC22	15,172	15,583	0.01
100,000	Canadian Pacific Railway Co. 5.10% 14JAN22	105,605	104,518	0.04
5,041,000	Canadian Tire Corp Ltd. 3.167% 06JUL23	5,176,099	5,326,371	2.05
137,000	Canadian Tire Corp Ltd. 6.50% 13APR28	169,455	169,662	0.07
518,000	Canadian Western Bank 2.737% 16JUN22	523,983	533,923	0.21
89,000	Canadian Western Bank 2.881% 01MAR21	89,752	89,354	0.03
1,857,000	Canadian Western Bank 2.924% 15DEC22	1,889,033	1,936,201	0.75
3,500,000	CCL Industries Inc. 3.864% 13APR28	3,801,040	3,952,130	1.52
2,500	Chemtrade Logistics Income Fund 5% 31AUG23	2,371	2,247	0.00
553,000	CI Financial Corp. 2.775% 25NOV21	557,147	562,290	0.22
3,578,000	CI Financial Corp. 3.52% 20JUL23	3,665,303	3,760,299	1.45
1,500,000	CI Financial Corp. 3.759% 26MAY25	1,600,050	1,608,615	0.62
500,000	CI Financial Corp. 3.904% 27SEP27	536,250	537,420	0.21
2,754,000	Cogeco Cable Inc. 4.175% 26MAY23	2,884,540	2,939,620	1.13
63,000	Cogeco Communications Inc. 4.925% 14FEB22	66,112	65,832	0.03
3,000,000	Crombie Real Estate Investment Trust 3.917% 21JUN27	3,113,050	3,343,650	1.29
934,000	Crombie Real Estate Investment Trust 3.962% 01JUN21	953,567	946,590	0.36
602,000	Crombie Real Estate Investment Trust 4.066% 21NOV22	626,477	635,104	0.24
1,098,000	Dollarama Inc. 2.203% 10NOV22	1,096,682	1,129,798	0.44
743,000	Dollarama Inc. 2.337% 22JUL21	744,932	750,697	0.29
1,690,000	Dollarama Inc. 3.55% 06NOV23	1,736,119	1,818,558	0.70
2,032,000	Emera Inc. 2.90% 16JUN23	2,035,080	2,132,279	0.82
76,000	Enbridge Inc. 3.16% 11MAR21	76,783	76,211	0.03
94,000	Enbridge Inc. 3.19% 05DEC22	96,355	98,504	0.04
223,000	Enbridge Inc. 3.94% 13JAN23	233,548	237,477	0.09
176,000	Enbridge Inc. 3.94% 30JUN23	184,536	188,355	0.07

# Baskin Fixed Income Pool

## Schedule of Investment Portfolio (continued)

As at December 31, 2020

Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>				
273,000	Enbridge Inc. 4.26% 01FEB21	\$ 278,733	\$ 273,770	0.11
140,000	Enbridge Inc. 4.85% 22FEB22	147,539	146,651	0.06
15,000	Enbridge Pipelines Inc. 2.93% 30NOV22	15,328	15,687	0.01
3,000,000	Fairfax Financial Holdings Ltd. 4.25% 06DEC27	3,186,900	3,287,340	1.27
828,000	Fairfax Financial Holdings Ltd. 4.50% 22MAR23	877,597	881,182	0.34
362,000	Fairfax Financial Holdings Ltd. 5.84% 14OCT22	393,747	390,511	0.15
2,330,000	Finning International Inc. 2.84% 29SEP21	2,357,144	2,369,074	0.91
2,000,000	First Capital Realty Inc. 4.79% 30AUG24	2,154,160	2,208,680	0.85
1,259,000	Ford Credit Canada Co. 2.71% 23FEB22	1,257,783	1,260,687	0.49
887,000	Ford Credit Canada Co. 2.766% 22JUN22	881,013	886,840	0.34
1,047,000	Ford Credit Canada Co. 3.349% 19SEP22	1,052,811	1,055,554	0.41
15,000	Ford Credit Canada Co. 3.742% 08MAY23	15,181	15,235	0.01
1,085,000	Ford Credit Canada Ltd. 3.279% 02JUL21	1,092,432	1,083,524	0.42
556,000	Fortis Inc. 2.85% 12DEC23	566,981	588,320	0.23
1,099,000	General Motors Financial of Canada Ltd. 2.60% 01JUN22	1,098,505	1,125,805	0.43
1,025,000	Granite REIT Holdings LP 2.378% 18DEC30	1,034,500	1,041,902	0.40
2,339,000	H&R Real Estate Investment Trust 2.923% 06MAY22	2,363,800	2,382,459	0.92
70,000	H&R Real Estate Investment Trust 3.369% 30JAN24	71,704	72,704	0.03
1,331,000	H&R Real Estate Investment Trust 3.416% 23JAN23	1,357,984	1,374,045	0.53
3,030,000	Hydro One Inc. 3.20% 13JAN22	3,101,053	3,118,779	1.20
4,000,000	IGM Financial Inc. 3.44% 26JAN27	4,193,400	4,452,000	1.71
3,500,000	Keyera Corp. 3.934% 21JUN28	3,822,090	3,900,365	1.50
2,356,000	Laurentian Bank of Canada 2.75% 22APR21	2,369,783	2,371,455	0.91
1,084,000	Laurentian Bank of Canada 3% 12SEP22	1,100,531	1,123,544	0.43
77,000	Laurentian Bank of Canada 3.45% 27JUN23	79,433	81,504	0.03
4,018,000	Loblaw Cos Ltd. 4.86% 12SEP23	4,347,275	4,417,550	1.70
3,161,000	Magna International Inc. 3.10% 15DEC22	3,223,588	3,294,584	1.27
103,000	Manulife Bank of Canada 1.915% 01SEP21	102,820	104,053	0.04
759,000	Manulife Bank of Canada 2.844% 12JAN23	774,787	794,256	0.31
1,288,000	Metro Inc. 2.68% 05DEC22	1,305,195	1,337,652	0.52
3,093,000	Metro Inc. 3.20% 01DEC21	3,149,447	3,162,129	1.22
1,315,000	Molson Coors International LP 2.84% 15JUL23	1,325,323	1,371,598	0.53
2,000,000	Morguard Corp. 4.204% 27NOV24	2,032,880	2,017,380	0.78
3,675,000	Morguard Corp. 4.333% 15SEP22	3,770,027	3,731,191	1.44
950,000	Morguard Corp. 4.402% 28SEP23	953,990	965,761	0.37
492,000	Morguard Corp. 4.715% 25JAN24	513,599	504,103	0.19
114,000	Morguard Real Estate Investment Trust 4.50% 31DEC21	117,990	112,946	0.04
100,000	National Bank of Canada 1.809% 26JUL21	99,770	100,884	0.04
500	Ontario Electricity Financial Corp. 8.90% 18AUG22	587	569	0.00
6,250,000	Parkland Fuel Corp. 6.50% 21JAN27	6,793,400	6,781,250	2.61
275,000	Pembina Pipeline Corp. 3.43% 10NOV21	280,651	280,937	0.11
3,020,000	Pembina Pipeline Corp. 3.77% 24OCT22	3,142,461	3,186,674	1.23
882,000	Pembina Pipeline Corp. 4.89% 29MAR21	909,695	890,935	0.34
9	Province of British Columbia Canada Principal Strip 0% 23AUG24	8	8	0.00

# Baskin Fixed Income Pool

## Schedule of Investment Portfolio (continued)

As at December 31, 2020

Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>				
441,000	RioCan Real Estate Investment Trust 2.83% 03OCT22	\$ 447,196	\$ 454,931	0.18
562,000	RioCan Real Estate Investment Trust 3.209% 29SEP23	577,483	590,825	0.23
1,631,000	RioCan Real Estate Investment Trust 3.716% 13DEC21	1,676,750	1,675,004	0.65
2,000,000	RioCan Real Estate Investment Trust 3.725% 18APR23	2,087,540	2,114,960	0.81
259,000	Rogers Communications Inc. 4% 06JUN22	270,072	271,370	0.10
1,500,000	Rogers Communications Inc. 4% 13MAR24	1,582,125	1,637,235	0.63
1,313,000	Rogers Communications Inc. 5.34% 22MAR21	1,360,662	1,326,458	0.51
614,000	Rogers Sugar Inc. 5% 31DEC24	629,166	626,280	0.24
15,000	Royal Bank of Canada 1.583% 13SEP21	14,905	15,137	0.01
8,000	Royal Bank of Canada 1.968% 02MAR22	7,996	8,148	0.00
140,000	Royal Bank of Canada 2.333% 05DEC23	141,358	147,144	0.06
12,000	Royal Bank of Canada 2.949% 01MAY23	12,332	12,667	0.00
1,402,000	Royal Bank of Canada 3.296% 26SEP23	1,456,818	1,500,476	0.58
589,000	Saputo Inc. 2.196% 23JUN21	589,383	593,900	0.23
3,413,000	Saputo Inc. 2.827% 21NOV23	3,462,659	3,599,486	1.39
1,500,000	Smart Real Estate Investment Trust 2.876% 21MAR22	1,501,200	1,540,545	0.59
2,500,000	Smart Real Estate Investment Trust 3.556% 06FEB25	2,653,750	2,706,775	1.04
3,802,000	Sobeys Inc. 4.70% 08AUG23	4,014,860	4,143,876	1.60
20,000	TD Capital Trust IV 6.631% 30JUN08	21,194	20,587	0.01
165,000	TELUS Communications Inc. 9.65% 08APR22	189,065	183,581	0.07
1,973,000	TELUS Corp. 2.35% 28MAR22	1,981,681	2,013,861	0.78
6,000	TELUS Corp. 3.35% 01APR24	6,224	6,447	0.00
416,000	TELUS Corp. 3.35% 15MAR23	428,854	437,511	0.17
46,000	The Bank of Nova Scotia 1.90% 02DEC21	45,926	46,674	0.02
15,000	The Bank of Nova Scotia 2.36% 08NOV22	15,121	15,525	0.01
105,000	The Bank of Nova Scotia 2.98% 17APR23	108,024	110,879	0.04
383,000	The Goldman Sachs Group Inc. 1.03% 27JUL22	384,302	384,053	0.15
117,000	The Goldman Sachs Group Inc. 2.433% 26APR23	117,310	119,885	0.05
1,633,000	The Goldman Sachs Group Inc. 3.55% 12FEB21	1,657,168	1,638,356	0.63
100,000	The Toronto-Dominion Bank 1.909% 18JUL23	99,510	103,448	0.04
18,000	The Toronto-Dominion Bank 2.045% 08MAR21	18,018	18,059	0.01
15,000	The Toronto-Dominion Bank 3.005% 30MAY23	15,463	15,905	0.01
15,000	The Toronto-Dominion Bank 3.226% 24JUL24	15,743	16,352	0.01
2,789,000	TMX Group Ltd. 4.461% 03OCT23	3,001,243	3,060,928	1.18
30,000	TransCanada PipeLines Ltd. 3.69% 19JUL23	31,377	32,022	0.01
3,000,000	TransCanada PipeLines Ltd. 3.80% 05APR27	3,163,650	3,377,700	1.30
17,000	TransCanada PipeLines Ltd. 7.90% 15APR27	22,176	22,658	0.01
304,000	Wells Fargo & Co. 2.094% 25APR22	303,377	310,189	0.12
229,000	Wells Fargo & Co. 2.222% 15MAR21	229,332	229,838	0.09
3,090,000	Wells Fargo & Co. 2.509% 27OCT23	3,106,686	3,230,780	1.24
1,250,000	Wells Fargo & Co. 3.874% 21MAY25	1,322,000	1,376,513	0.53
150,000	Wells Fargo Canada Corp. 3.46% 24JAN23	155,737	158,763	0.06
		<u>163,864,710</u>	<u>166,925,702</u>	<u>64.33</u>

## Baskin Fixed Income Pool

### Schedule of Investment Portfolio (continued)

As at December 31, 2020

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Par value/ number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	<b>Total investments owned</b>	\$ 252,406,963	\$ 257,535,625	99.23
	Commissions and other portfolio transaction costs	<u>(8,476)</u>	<u>—</u>	<u>—</u>
	<b>Net investments owned</b>	<b><u>\$ 252,398,487</u></b>	257,535,625	99.23
	<b>Other assets, net</b>		<u>2,102,377</u>	<u>0.77</u>
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<b><u>\$ 259,638,002</u></b>	<b><u>100.00</u></b>

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 1. Organization and nature of operations

Baskin Fixed Income Pool (the “Fund”) was created as an investment trust under the laws of the Province of Ontario pursuant to the terms of the declaration of trust (the “Declaration of Trust”) dated January 6, 2020 and commenced operations on January 21, 2020. Pursuant to the Declaration of Trust, Baskin Financial Services Inc. (the “Trustee” or the “Manager”), a corporation formed under the laws of Canada, is the trustee and the manager of the Fund. The Fund’s registered office address is 95 St. Clair Avenue West, Suite 900, Toronto, Ontario, Canada.

The Trustee has the power to enter into any and all agreements that it deems necessary for the operation and the investment activities of the Fund and to appoint third-party service providers as it may reasonably require for the proper discharge of its duties under the Declaration of Trust. The Manager is responsible for managing the business and affairs of the Fund and to manage its investment portfolio. The Manager has appointed National Bank Independent Network (a division of National Bank Financial Inc.) (“NBIN”) as the custodian, prime broker and administrator of the Fund. NBIN has in turn contracted SGGG Fund Services Inc. (the “Administrator”) to provide accounting and shareholder recordkeeping services.

The investment objective of the Fund is to provide investors with a moderate degree of income with reasonable safety of capital. In seeking to achieve its investment objective, the Fund invests in high quality fixed income securities issued by Canadian governments and corporations. It may also invest in foreign fixed income securities and high-quality preferred shares. The Fund’s strategy seeks to achieve a higher potential total return than available in the money market instruments or short-term bonds. The Fund aims to be well-diversified and will invest primarily in liquid securities.

### 2. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board. The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities at fair value through profit or loss (“FVTPL”), which are presented at fair value.

The policies applied in these financial statements are based on IFRS issued and effective as at December 31, 2020. The financial statements were authorized for issue by the Trustee on March 29, 2021.

### 3. Summary of significant accounting policies

The following is a summary of significant policies followed by the Fund:

#### a) Financial instruments

##### *Classification*

##### *i) Financial assets and financial liabilities at FVTPL*

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The 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. As such, the Fund classifies all of its investment portfolio as financial assets as FVTPL.



# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### a) Financial instruments (continued)

##### i) *Financial assets and financial liabilities at FVTPL (continued)*

The Fund has no investments in securities classified as financial liabilities at FVTPL as at December 31, 2020.

##### ii) *Other financial assets and financial liabilities*

All other financial assets and financial liabilities are recognized initially at fair value and subsequently measured at amortized cost if:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under this method, financial assets and financial liabilities reflect the amounts required to be received or paid, discounted, when appropriate, at the contracts' effective interest rates. The fair values of those financial instruments are approximated by their carrying values.

#### ***Recognition, subsequent measurement and derecognition***

Purchases and sales of investments are recognized at fair value on the trade date – the date on which the Fund commits to purchase or sell the investment.

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value, with the exception of receivables, which are measured at amortized cost. Unrealized gains and losses arising from changes in the fair value of the financial assets at FVTPL are presented in the Statement of Comprehensive Income within "Net unrealized appreciation in fair value of investments" in the period in which they arise. Realized gains and losses from sale of investments are presented in the Statement of Comprehensive Income as "Net realized loss on sale of investments" on the date of sale.

Financial assets and financial liabilities are derecognized when the rights to receive or obligations to pay cash flows from the investments have expired, when contractual rights have been transferred or pass-through criteria met, and the Fund has transferred substantially all risks and rewards of ownership.

#### ***Fair values of financial assets and financial liabilities***

Financial assets that are fixed income securities traded on a regulated market shall be valued on the basis of valuations provided by a principal market maker or a pricing service, both of which generally utilize electronic data processing techniques to determine valuations for normal institutional trading units of fixed income securities without exclusive reliance upon quoted prices. The fair values of financial assets other than fixed income securities are determined using the last trading or closing prices that falls within the period-end bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that better reflects fair value.

The fair values of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each Statement of Financial Position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### a) Financial instruments (continued)

##### *Impairment of financial assets*

The Fund's financial assets at amortized cost, including dividends and interest receivable, subscriptions receivable and expense reimbursement receivable, are subject to expected credit loss model for determining impairment per IFRS 9, *Financial Instruments* ("IFRS 9"). The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected credit loss provision for all other assets. Impairment losses on financial assets at amortized cost, if any, are recognized in the Statement of Comprehensive Income.

#### b) Investment transactions and revenue recognition

Investment income and expenses, and both realized and unrealized gains and losses on sale of investments are allocated amongst all series in the Fund based on the aggregate net asset value of each series of units.

Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses on sale of investments and unrealized appreciation and depreciation in fair value of investments are determined on an average cost basis.

#### c) Valuation and classification of redeemable units

The value of redeemable units is determined on Tuesday of each week and the last business day of each month or such other day determined from time to time by the Trustee (each a "Valuation Date"). The value of redeemable units on a Valuation Date is obtained by dividing the net assets attributable to holders of a specific series of redeemable units by the total number of units outstanding of the series at 4:00 p.m. Eastern Time or such other time that the Trustee deems appropriate ("Valuation Time"). Expenses directly attributable to a series are charged to that series while common Fund expenses are allocated to each series in a reasonable manner as determined by the Trustee. Other income and realized and unrealized gains and losses are allocated to each series of the Fund based on that series' pro rata share of the total net assets of the Fund.

IAS 32, *Financial Instruments: Presentation* ("IAS 32") requires that units or shares of an entity, which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset, be classified as a financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and, therefore, have been classified as financial liabilities.

#### d) Net assets attributable to holders of redeemable units per series unit

The net assets attributable to unitholders per series unit are calculated by dividing the net assets attributable to unitholders of a particular series of units by the total number of units of that particular series outstanding at the end of the period. See Note 5.

#### e) Increase in net assets attributable to holders of redeemable units

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number of units outstanding of that series during the period.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### f) Functional and presentation currency

The functional and presentation currency of the Fund is the Canadian dollar. The Fund receives and pays Canadian dollars for its unit issuances and redemptions.

#### g) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing as at the Statement of Financial Position date.

Foreign exchange gains and losses arising from the translation of foreign currency transactions are included in the Statement of Comprehensive Income within “Net unrealized appreciation in fair value of investments” and “Net realized loss on sale of investments”.

#### h) Cash

Cash consists of cash balances held at the Fund’s custodian.

#### i) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, transfer taxes and duties, and any goods and services, harmonized sales, value-added, commodity or other taxes applicable to such expenses. Such costs are expensed and are included in “Commissions and other portfolio transaction costs” in the Statement of Comprehensive Income.

#### j) Significant accounting judgements, estimates and assumptions

The preparation of the Fund’s financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Fund’s accounting policies, the Manager has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### j) Significant accounting judgements, estimates and assumptions (continued)

##### *Investment entity*

The Fund has determined that it is an investment entity as defined by IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), and the amendments to IFRS 10, as the following conditions exist:

- a) The Fund has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- b) The Fund has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- c) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund also meets the additional characteristics of an investment entity, in that it has more than one investment; the ownership interests are in the form of securities similar to equities to which a proportionate share of the net assets of the Fund are attributed; and they represent, indirectly, the interests of more than one investor.

As an investment entity, the Fund is exempted from consolidating particular subsidiaries, if any, and instead is required to measure its investments in these particular subsidiaries at FVTPL.

##### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgements made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL, per IFRS 9.

#### k) Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### 4. Classification of financial instruments - fair value measurements

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, in accordance with IFRS 13, *Fair Value Measurements*, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

### 4. Classification of financial instruments - fair value measurement (continued)

The table below summarizes the fair value hierarchy levels for the Fund's investments as at December 31, 2020.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 90,609,923	\$ –	\$ –	\$ 90,609,923
Fixed Income	–	166,925,702	–	166,925,702
	\$ 90,609,923	\$ 166,925,702	\$ –	\$ 257,535,625

All fair value measurements above are recurring. The carrying values of cash, dividends and interest receivable, receivable for investments sold, subscriptions receivable, expense reimbursement receivable, accounts payable and accrued liabilities and payable for investments purchased and the Fund's obligation for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. There were no transfers between levels during the period ended December 31, 2020.

### 5. Redeemable units of the Fund

Units issued and outstanding represent the capital of the Fund. The Trustee shall have sole discretion in determining whether the capital of the Fund is divided into one or more classes of units and whether a class is issued in one or more series of units, the attributes that shall attach to each class and series of units, and whether any class or series of units should be redesignated as a different class or series of units. The number of units and classes or series of units of the Fund that may be issued is unlimited. Each unit shall be without a nominal or par value and shall entitle the holder thereof to one vote at all meetings of unitholders of the Fund where all series vote together and one vote at all meetings of unitholders of the Fund where that particular series votes separately as a series.

In addition, each unit of a particular series shall entitle the holder thereof to participate pro rata, in accordance with the provisions of the Declaration of Trust, with respect to all amounts payable by the Fund to holders of redeemable units of that series (except with respect to net income and net capital gains paid to holders of redeemable units on the redemption of units). All units shall be redeemable on demand by the holders of redeemable units and shall not be transferrable. Any unit of a particular series of the Fund may, at the option of the holder or the Trustee and without notice to the holder unless required, be redesignated as a unit of any other series of the Fund based on the applicable series net asset value per unit for the two series of units on the date of the redesignation. Fractional units of a series may be issued and shall be proportionately entitled to all the same rights as whole units of that same series, except voting rights.

Series O units are being offered by the Fund on a continuous basis at the applicable series net asset value per unit. Unless the Trustee otherwise agrees, the Trustee may establish a time on each Valuation Date by which subscriptions must be received, at its principal office in Toronto, Ontario or as it may otherwise direct, in order to be implemented at the series net asset value per unit determined at the next Valuation Time. Subscriptions received after the time established by the Trustee will be implemented at the series net asset value per unit determined at the Valuation Time on the next Valuation Date. The issue price may be paid in cash or, at the discretion of the Trustee, in non-cash assets that are acceptable to the Trustee and are valued in accordance with the valuation principles set out in the Declaration of Trust.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

### 5. Redeemable units of the Fund (continued)

The changes in outstanding redeemable units from the date of establishment on January 6, 2020 to December 31, 2020 are summarized as follows:

	Redeemable units, beginning of period	Redeemable units issued	Redemptions of redeemable units	Reinvestments of units	Redeemable units, end of period
December 31, 2020	–	26,691,227	(2,015,469)	725,860	25,401,618

#### Distributions

Subject to the provisions of the Declaration of Trust, the Trustee shall have the sole discretion to determine if any distributions of the Fund are to be made to unitholders of the Fund, the classes and series of units such distributions will be paid on, the record date or dates for the purpose of determining the unitholders entitled to receive distributions and the time or times when such distributions will be paid. The Trustee shall declare and credit as due and payable a sufficient amount of the net income and the net capital gains of the Fund for each taxation year so that the Fund will not have any obligation to pay tax under Part I of the *Income Tax Act* (Canada) (the "Tax Act") after taking into account any entitlement to a capital gain refund under the Tax Act. Each holder of redeemable units to whom any distribution has been declared and credited as payable shall be entitled to enforce payment thereof to the extent that such distribution has not been paid to the holder of redeemable units on or before the last day of the taxation year of the Fund in respect of which such amount was declared payable. Any taxes withheld from, or paid or payable on account of, income or capital of the Fund shall be considered to have been paid or payable on behalf of the holders of redeemable units to the extent that related amounts are allocated to such holders of redeemable units for income tax purposes.

To the extent that the Trustee has not allocated all or any portion of the net income and net capital gains of the Fund among the series of units of the Fund, the net income and net capital gains shall be allocated in the same manner as it was allocated for the previous taxation year of the Fund. Such amounts as became due and payable to the holders of redeemable units of a series shall be automatically reinvested in additional units of the same series of units of the Fund on which the amount was payable. Immediately following such reinvestment, the number of units of the relevant series of units outstanding shall be automatically consolidated so that the series net asset value per unit after the reinvestment shall be the same as it was immediately before the amount became due and payable by the Fund.

The Fund intends to distribute income (interest and dividends) on a quarterly and annual basis and capital gains on an annual basis to qualifying unitholders.

#### Redemptions

Holders of redeemable units are entitled at any time and from time to time to require the Fund to redeem all or any part of their units at the series net asset value per unit for the applicable series of units. The Trustee shall establish a time on each Valuation Date by which a completed redemption request must be received by it at its principal office or as it may direct in order to be effective on that Valuation Date. Redemption requests received after the time established by the Trustee will be deemed to be received as of the next Valuation Date and will receive the series net asset value calculated for the applicable series on that next Valuation Date.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements (Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 5. Redeemable units of the Fund (continued)

#### Redemptions (continued)

Redemption requests will be processed in the order in which they are received. The Trustee, on behalf of the Fund, shall pay to each holder of redeemable units who has requested a redemption of units an amount equal to the applicable series net asset value per unit multiplied by the number of units to be redeemed. Payment in respect of any redemption shall be made within 2 business days from the applicable Valuation Date and shall be paid in cash and made by cheque payable to or to the order of the holder of redeemable unit or shall be paid by such other manner of payment, including the delivery in specie of non-cash assets, approved by the Trustee from time to time.

The Trustee will suspend the right to redeem units of the Fund and the calculation of the series net asset value per unit for each series of units when required to do so under securities legislation or under any exemptive relief granted by the local securities authorities from such securities legislation. The Trustee may also suspend the right to redeem units and the calculation of the series net asset value per unit for each series of units at such other time it deems appropriate, provided that such suspension is permitted under securities legislation or under the terms of any exemptive relief received by the Fund. During any period of suspension, there shall be no calculation of the series net asset value per unit of any series of that Fund and the Fund shall not be permitted to issue, redesignate or redeem any units and the Trustee may postpone the payment of any redemption proceeds.

### 6. Related party transactions and other expenses

#### Related party unitholdings

As at December 31, 2020, directors, management, and employees of the Trustee directly or indirectly held 0.2% of the units issued by the Fund.

#### Expenses and expense reimbursements

The Fund is responsible for the payment of all fees and expenses relating to its operations including, but not limited to, all regulatory filing fees, registrar and transfer agent fees and expenses, audit fees, accounting fees, administration fees including recordkeeping fees, legal fees, custody and safekeeping charges, costs to provide financial and other reports to unitholders, all taxes including withholding taxes, assessments or other governmental charges levied against the Fund, all brokerage expenses and commissions, all other portfolio transaction costs, and interest expense, if any. In the event that the Fund's expenses exceed 0.10% of the net asset value of the Fund, the Trustee will absorb such additional expenses.

Each class or series of units is responsible for the expenses specifically related to that class or series of units and a proportionate share of expenses that are common to all classes and series. No management fees are being charged to the Fund by the Manager.

During the period from the date of establishment on January 6, 2020 to December 31, 2020, the Trustee absorbed \$12,289 of the Fund's expenses and \$12,289 is receivable from the Trustee in respect of the expenses absorbed.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 7. Income taxes

The Fund has met the necessary requirements to qualify at all relevant times as a mutual fund trust within the meaning of the Tax Act. The taxation year of the Fund is the calendar year ending on December 15 each year. The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its net income for the year, including net realized taxable capital gains and dividends received in the year on shares of corporations, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. The Fund intends to make sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income taxes under Part I of the Tax Act.

### 8. Financial risk management

In the normal course of business, the Fund is exposed to a variety of financial risks, which may include credit risk, liquidity risk, market risk (including interest rate risk, market price risk and currency risk) and concentration risk. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and, company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and strategies and the type of securities in which it invests. The Manager aims to minimize potential adverse effects of these risks on the Fund's performance by ongoing monitoring of market events and the Fund's position against the Fund's mandates.

The various financial risks and the level of the Fund's exposure to those risks are described below. For a complete list of risks associated with an investment in the Fund, see the Fund's offering documents.

#### ***Credit risk***

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.



# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 8. Financial risk management (continued)

#### *Credit risk (continued)*

As at December 31, 2020, the Fund invested in debt instruments with the following S&P Global credit ratings:

<b>Debt Instruments by Credit Rating</b>	<b>Percentage of net assets attributable to holders of redeemable units</b>
AAA	1.9%
AA+	0.0%
AA-	0.2%
A+	1.6%
A	2.3%
A-	5.1%
BBB+	14.2%
BBB	20.1%
BBB-	12.9%
BB+	1.7%
BB	3.6%
Not Rated	0.7%
<b>Total</b>	<b>64.3%</b>

All transactions executed by the Fund in listed securities are settled or 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 obligations.

The Fund maintains an account with NBIN, which has a S&P Global credit rating of A-1 as at December 31, 2020.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

### 8. Financial risk management (continued)

#### *Liquidity risk*

Liquidity risk is defined as the risk that a company may not be able to settle or meet its obligations on time or at their full amount. Liquidity risk also applies where a company invests in securities that are not traded in an active market and may be illiquid.

The Fund's exposure to liquidity risk is concentrated in the monthly cash redemptions of units. The Fund primarily invests in securities that are traded in active markets as well as securities that are infrequently traded on public markets or may be subject to hold periods under applicable securities laws.

Further, the Fund's liabilities are short-term trade payables and are expected to mature within twelve months.

#### *Market risk*

##### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when a company invests in interest-bearing financial instruments. The Fund would be exposed to the risk that the value of such financial instruments would fluctuate due to changes in the prevailing levels of market interest rates.

As at December 31, 2020, the following was the Fund's exposure to debt instruments by maturity, and the impact (increase or decrease) on net assets attributable to holders of redeemable units had the yield curve shifted in parallel by 100 basis points ("Sensitivity"), with all other variables held constant (in Canadian dollars):

<b>Debt instruments by maturity date</b>	<b>Percentage of net assets attributable to holders of redeemable units</b>
Less than 1 year	10.0%
1 - 3 years	34.8%
3 - 5 years	5.1%
5 - 7 years	9.4%
Greater than 7 years	5.0%
Total	64.3%

  

Sensitivity	\$	4,674,368
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The above sensitivity analysis assumes no changes in default risk, liquidity risk or other market risk. In practice, actual trading results may differ from the above sensitivity analysis and the difference could be material.

##### *Market price risk*

Market price risk is the risk that the value of any securities invested in by a company will be affected by changes to the market price of those securities. The price of each security is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All investments represent a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 8. Financial risk management (continued)

#### *Market risk (continued)*

##### *Market price risk (continued)*

As at December 31, 2020, 34.9% of the Fund's net investments were exposed to market price risk. If prices of these instruments listed on the Canadian stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant and assuming a 100% market correlation, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$9,060,992. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

##### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than the functional currency of a company.

As at December 31, 2020, the Fund did not have significant exposure to foreign currencies.

#### *Concentration risk*

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical location, product type, industry sector or counterparty type. The table below shows concentration risk by industry sector:

	<b>Percentage of net assets attributable to holders of redeemable units</b>
<hr/>	
<b>Market segment</b>	
<hr/>	
<b>Investments owned</b>	
Communications	5.5
Consumer, Cyclical	9.0
Consumer, Non-cyclical	7.4
Diversified	1.6
Energy	10.8
Financial	34.4
Funds	19.8
Government	2.0
Industrial	2.9
Utilities	5.8
Total net investments	99.2
Cash and cash equivalents	0.4
Other assets and liabilities	0.4
	<hr/> 100.0 <hr/>

# BASKIN FIXED INCOME POOL

## Notes to Financial Statements

(Expressed in Canadian dollars)

For the period from the date of establishment on January 6, 2020 to December 31, 2020

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### 9. Subscriptions receivable

Subscriptions receivable relate to the issuance of Fund units in advance of cash received.

### 10. Comparison of net asset value (Trading NAV) per unit and net assets attributable to holders of redeemable units (IFRS) per unit

The primary reason for the difference between the Trading NAV per unit and the net assets attributable to holders of redeemable units (IFRS) per unit is due to offering costs, which have been expensed for financial reporting purposes but are amortized over five years for the purpose of calculating the Trading NAV.

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	Net Asset Value Per Unit (Trading)	Net Assets Per Unit (IFRS)
December 31, 2020	\$ 10.22	\$ 10.22

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### 11. Filing exemption

In reliance upon the exemption in Section 2.11 of National Instrument 81-106, the financial statements of the Fund will not be filed with the securities regulatory authorities.

### 12. COVID-19 impact

On March 2020, COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. While there remains significant uncertainty, with the roll out of vaccines in Canada and around the world, it appears that over the coming year there will be a gradual reduction in lock-downs and the impact on business and markets will decline.