

RGP Emerging Markets Fund  
(hereinafter the "Fund")

Statement of Financial Position  
(as at [●], 2024)



# RGP Emerging Markets Fund

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Statement of Financial Position as at [●], 2024

(in Canadian dollars)

	\$
<b>Assets</b>	
<b>Current assets</b>	
Cash	<b>150,000</b>
<b>Total assets</b>	<b>150,000</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>150,000</b>
<b>Net assets attributable to holders of redeemable units, per class</b>	
Class A	<b>1,000</b>
Class F	<b>1,000</b>
Class I	<b>148,000</b>
<b>Total</b>	<b>150,000</b>
<b>Net assets attributable to holders of redeemable units, per unit, per class</b>	
Class A	<b>10.00</b>
Class F	<b>10.00</b>
Class I	<b>10,00</b>

Approved in Québec on [●], 2024 by the Trustees' Representative,

(s) François Rodrigue-Beaudoin, Trustees' Representative

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at [●], 2024

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### 1. GENERAL INFORMATION

The RGP Emerging Markets Fund (hereinafter the “Fund”) is a mutual fund established as a trust under the regime of the laws of Ontario and governed by a master declaration of trust dated as of January 6, 2014 (hereinafter the “Declaration of Trust”). The Fund has been created pursuant to a supplemental indenture to the Declaration of Trust as of [●], 2024. Publication of this statement of financial position was authorized by R.E.G.A.R. Investment Management Inc. (“RGP Investments”) as Manager of the Fund, on [●], 2024.

The Fund is authorized to issue unlimited units of class A, F and I (collectively the “units”).

Class A units are available to all investors through authorized brokers. The minimum subscription for these units is \$500. The minimum subsequent investment is \$25, and the minimum balance is \$500. Class A units are offered on a front-end basis. This means that investors may pay their broker a sales commission, up to a maximum of 5% of the purchase price of the units. A trailer fee is payable in connection with class A units.

Class F units are available to all investors through authorized brokers, who may charge additional fees for extra services. These are only offered to brokers who enter into a specific agreement with the Manager pursuant to which they accept that their remuneration is based on the professional services they provide to investors. The minimum subscription for Class F units is \$500. The minimum subsequent investment is \$25, and the minimum balance is \$500. There are no sales or redemption fees for purchases, switches, transfers, reclassifications or redemptions. Brokers may charge for additional services. No trailer fee is payable.

Class I units are only offered to large investors who have received our prior authorization. Class I units are not offered to the public. The minimum subscription, the minimum balance and the minimum subsequent investment are fixed by the Manager. There are no sales or redemption charges for purchases, switches, transfers, reclassifications or redemptions. No trailer fee is payable.

The main difference between classes has to do with management fees payable, other fees paid and the type of distributions. Although subscriptions and redemptions of units are registered by class, assets allocated to all classes of the Fund are combined to create a single Fund for investment purposes. Each class pays its share of the Fund’s common expenses as well as any expenses specific to a particular class. Each class has a different net asset value per unit as a result of differences in class costs.

On [●], 2024, the Fund issued 100 Class A units for a cash consideration of \$1,000, 100 Class F units for a cash consideration of \$1,000 and 14,800 class I units for a cash consideration of \$148,000, for a total of \$150,000 in cash. In accordance with applicable securities legislation, the Manager may not redeem the initial units of the Fund until the Fund has received total subscription of \$500,000 from other investors.

The investment objective of this Fund is to generate capital appreciation through the creation of a well-diversified portfolio of publicly traded companies exposed to more rapidly growing developing economies.

The head office, which is also the Fund’s principal place of business, is located at 1305, Boulevard Lebourgneuf, suite 550, Quebec (Quebec) G2K 2E4, Canada.

The Fund’s financial year ends on December 31.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at [●], 2024

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### 2. BASIS OF PRESENTATION

This statement of financial position was prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter “IFRS Accounting Standards”) and the requirements of Regulation 81-106 respecting Investment Fund Continuous Disclosure.

### 3. MATERIAL ACCOUNTING POLICIES

The material accounting policy information of the Fund, which is an investment entity, is the following:

#### **3.1 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Funds**

At the date of authorization of this statement of financial positions, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC). None of these Standards or amendments to existing Standards have been adopted early by the Fund

#### **3.2 Financial Instruments**

##### **a) Classification**

##### **Financial assets at amortized cost:**

In this category, the Fund has included cash.

Financial assets at amortized cost must be depreciated by the amount of expected credit losses. Given the very short maturity of the cash, the financial strength of the counterparties involved and the history of losses incurred, the Manager believes that the risk of loss is very low. For this reason, no impairment was recorded for cash.

##### **b) Measurement**

##### **Initial**

Upon initial measurement, the Fund’s financial instruments are measured at fair value, which, in the case of financial instruments measured subsequently at amortized cost, is increased by the transaction costs.

##### **Subsequent**

The Fund obligation regarding net assets attributable to holders of redeemable units is recorded at the redemption value as at the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost. Given the short-term maturity of these financial instruments, their value at amortized cost is similar to their fair value.

#### **3.3 Cash**

Cash includes deposits with various financial institutions, that is, cash.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at [●], 2024

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### 3.4 Valuation of units

The net asset value (“NAV”) of a unit of each class within the Fund is determined each business day when the Toronto Stock Exchange is open by dividing the NAV attributable to each class by the number of outstanding units for the corresponding class.

Canadian Securities Administrators (“CSA”) regulations allow the Fund to respect the IFRS Accounting Standards provisions for financial statements reporting, without changing their method of calculating the transactional NAV for the purposes of purchases, transfers and redemptions by unitholders. As at [●], 2024, the difference between the net asset value per unit and the net assets attributable to holders of redeemable units per class is not significant.

### 3.5 Unit issuance and redemption

Redeemable units are redeemable at the holder’s option and are classified as financial liabilities. For the purpose of calculating net assets attributable to holders of redeemable units in accordance with the Fund’s redemption requirements, the Fund’s assets and liabilities are valued at fair value. The fund issue units at the NAV of existing units. The unitholders can redeem units at the prevailing rate for cash equal to a proportionate unit the Fund’s NAV (calculated in accordance with redemption requirements). The Fund’s NAV per unit is calculated by dividing the net assets attributable to unitholders (calculated in accordance with redemption requirements) by the number of units issued.

Net assets per unit are calculated separately for each class of units of the Fund. The net assets of a class are measured by calculating their proportionate share of the Fund’s assets and liabilities common to all classes, to which are added the assets and liabilities of the Fund attributable to that specific class.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

When preparing financial statements, management must exercise discretion in applying its accounting policies and make estimates and assumptions about the future. In applying IFRS Accounting Standards, these financial statements include estimates and assumptions made by management that affect the reported amounts of assets and liabilities. However, existing circumstances and assumptions may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

### Significant judgements

The following paragraphs are significant management judgments in applying the accounting policies of the Fund that have the most significant effect on the financial statements.

#### Unit classification

The criteria contained within IAS 32 - Financial Instruments: Presentation (“IAS 32”) will result in the classification of the net assets attributable to unitholders as a liability within the Fund’s statement of financial position, unless all conditions required for equity classification are met.

The Fund’s outstanding units qualify as puttable instruments. IAS 32 states that units of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liability unless they have certain characteristics. The Fund issues different classes of units that are equally subordinated but have different features. In addition, the Fund has a contractual obligation to distribute any taxable income annually that allows the unitholders to request cash payment for any distributions or dividends declared.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at [●], 2024

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These features violate criteria that are required in order for the units to be presented as equity under IAS 32. Consequently, all the units of the Fund are presented as liabilities.

### 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Fund is exposed to the credit risk and the liquidity risk. The Manager is responsible for managing financial risks. The Manager seeks to minimize potential adverse effects on the Fund's performance.

#### **Credit risk**

Credit risk is the risk that a party to a financial instrument will fail to honour a financial obligation or commitment that it has entered into with the Fund.

As of [●], 2024, this risk is considered to be low as the cash is deposited in a reputable financial institution with a high-quality external credit rating.

#### **Liquidity risk**

Liquidity risk is defined as the risk that the Fund has difficulty meeting its obligations or making a commitment, resulting in its creditors incurring a financial loss. Unitholders may redeem their units on any valuation day. The Fund can't purchase an investment that is not liquid when, following the purchase, more than 10% of its net asset value would constitute investments that are not liquid and can't place more than 15% of the net asset value for 90 days or more.

### 6. REDEEMABLE UNITS

#### **Capital structure**

##### **Issued capital**

The Fund's capital is presented in the statement of financial position of the Fund. All issued redeemable units are fully paid. The Fund's capital is represented by these redeemable units that are issued or outstanding. Each unit issued confers to the unitholder an equal interest in the Fund and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Declaration of Trust, including the rights to:

- have their units redeemed at a proportionate share based on the Fund's NAV per unit on the redemption date;
- receive income distributions;
- attend and vote at meetings of unitholders;
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions mentioned above, which are attached to each unit, are identical in all respects. For the purpose of calculating the net assets attributable to the holders of redeemable units in accordance with the Fund's constitution, the Fund's assets and liabilities are valued at fair value.

### 7. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by RGP Investments (Manager and Trustee of the Funds). Recordkeeping and accounting have been delegated to CIBC Mellon Global Securities Services Company. CIBC Mellon Trust Company is the custodian of the assets of the Fund. CIBC Mellon and CIBC Mellon Trust Company are not related parties.

**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

As at [●], 2024

**Management and administration fees**

Under the terms of the management agreement dated January 6, 2014, as amended thereafter from time to time, the Fund appointed the Manager to provide management services. The Manager receives a fee based on the net asset value of the Fund's units, accrued daily and payable monthly at the following annual rates:

<b>As a percentage (%) of NAV (annual rates)</b>	
Class A units	1.95%
Class F units	0.95%
Class I units	Negotiated*

*\*In the case of Class I units, each investor negotiates and pays the management fees for this Class directly to RGP Investments. The negotiated management fees paid directly to RGP Investments on Class I units shall not exceed the management fees charged for Class F units of the same Fund.*

Furthermore, the Manager pays all operating expenses for the Fund (including services provided by the Manager), excluding the costs of the Fund, in respect of each class, in exchange for fixed administration fees that are paid by the Fund. The Manager receives administration fees based on the net asset value of the Fund's units, accrued daily and payable monthly at the following annual rates:

<b>As a percentage (%) of NAV (annual rates)</b>	
Class A units	0.24%
Class F units	0.24%
Class I units	Negotiated*

*\*In the case of Class I units, each investor negotiates and pays the administration fees for this Class directly to RGP Investments. The negotiated administration fees paid directly to RGP Investments on Class I units shall not exceed the administration fees charged for Class F units.*

Under the terms of the Management Agreement, the Trustee may remove the Manager upon a 90-day notice.