



2020 Semi-Annual Management Report of Fund Performance

for the period ended June 30, 2020



Marret High Yield Strategies Fund

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This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 416-214-5800, by writing to us at Marret Asset Management Inc., 2 Queen Street East, Twelfth Floor, Toronto, ON, M5C 3G7 or by visiting our website at www.marret.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 proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

RESULTS OF OPERATIONS ✓

As of June 30, 2020 and December 31, 2019, the Fund's net assets were \$16.9 million. The Fund returned -0.1% after fees and expenses for the six-month period ended June 30, 2020. Over the same time period, the Fund's benchmarks returned are -4.8%, -7.5% and 1.3%. The benchmarks are the ICE BofAML U.S. High Yield Total Return Index, the S&P Composite Total Return Index and the S&P 500 Total Return Index (the Benchmarks), respectively.

As previously announced, the Fund has continued in order to hold private positions (the Private Portfolio). Marret's intention is to distribute the net proceeds from the Private Portfolio when the holdings are sold and the proceeds are received by the Fund. No ongoing management fee or other fees will be charged by Marret for overseeing the liquidation of the Private Portfolio.

The value of the Private Portfolio consists of equity and bonds issued by Cline Mining Corp. (Cline).

RECENT DEVELOPMENTS

On January 21, 2020, Cline Mining Corp. entered into a binding agreement (Agreement) for the sale by Cline to Allegiance Coal Limited (Allegiance) of all the shares in New Elk Coal Company, LLC (NECC). The Agreement reflected the term sheet originally signed by Cline and Allegiance on July 15, 2019 (the "LOI").

The purchase price for the shares in NECC was US\$1, plus the assumption of certain obligations owed by NECC to Cline, equal to the balance owed on the Cline senior secured indebtedness of C\$55 million ("Debt"), which represents a total acquisition cost of C\$55,000,001.31.

As originally contemplated, the completion of the purchase was to take place before July 15, 2020 ("Closing").

Under the Agreement the Debt was to be repaid by NECC to Cline as follows:

- US\$3 million in cash on Closing;
- US\$3 million in Allegiance shares issued on Closing, subject to a voluntary 12-month hold period;
- US\$5 million on Closing to replace the Colorado State Mine reclamation bond;
- the remainder of the Debt to be repaid by Cline receiving 60% of NECC's retained earnings after NECC makes prudent provision for any preferred debt payments and obligations, and maintenance and working capital, until the Debt is paid in full, but in any event within 10 years of Closing. The Debt will not bear interest; and
- the Debt will be reduced by the amount of Mine care and maintenance costs funded by Allegiance until Closing. Such costs are fixed at US\$150,000 per month, with funding having begun on September 1, 2019.

The Debt will be evidenced by NECC issuing a promissory note, secured against the assets of NECC and subject only to indebtedness and security granted in respect of the preferred debt issued by NECC to a maximum of US\$40 million.

On June 5, 2020, Cline announced an amendment (Amendment) to the Agreement which provides as follows:

- Allegiance will acquire NECC with a US\$5 million reduction in upfront cash payments (from US\$8 million to US\$3 million), in exchange for US\$6 million (which includes an acceleration of US\$1 million of Debt repayment) to be paid upon the commencement of commercial production at the mine or by September 1, 2021, whichever is earlier;
- If commercial production of coal does not occur by March 31, 2021, Allegiance must issue US\$1 million of Allegiance shares to Cline, subject to the receipt of prior shareholder approval. If the requisite shareholder approval is not obtained by March 31, 2021, this payment must be made in cash. The US\$1 million (whether paid in shares or cash) will be applied towards the balance of Debt;
- Closing is estimated to take place before the end of July 2020;
- Other terms remain the same.

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As a result of the Amendment, the full Debt repayment will be as follows:

- US\$3 million in cash on Closing;
- US\$3 million in Allegiance shares issued on Closing, at a deemed issue price equal to the higher of \$0.08 per share or the 20-day volume weighted average price and subject to a voluntary 12-month hold period;
- US\$6 million upon the commencement of commercial production or by September 1, 2021, whichever is earlier;
- if commercial production of coal does not occur by March 31, 2021, Allegiance must issue US\$1 million of Allegiance shares to Cline, subject to the receipt of prior shareholder approval. If the requisite shareholder approval is not obtained by March 31, 2021, this payment must be made in cash;
- the remainder of the Debt to be repaid by Cline receiving 60% of NECC's retained earnings after NECC makes prudent provision for any preferred debt payments and obligations, and sustaining and working capital, until the Debt is paid in full, but in any event within 10 years of Completion. The Debt will not bear interest; and
- the Debt will be reduced by the amount of Mine care and maintenance costs which Allegiance has agreed to fund until Closing. Such costs are fixed at US\$150,000 per month.

The transaction is subject to normal conditions for similar transactions and to Allegiance replacing the existing US\$5 million reclamation bond in place for NECC with the State of Colorado.

RELATED PARTY TRANSACTIONS

Independent Review Committee

The Fund has standing instruction from the Fund's Independent Review Committee (IRC) with respect to the following related party transactions: trades in securities of CI Financial Corp.

The applicable standing instruction requires, amongst others, that related party transactions be conducted in accordance with the Manager's policies and procedures and applicable law and that the Manager advise the IRC of any material breach of such policies. The standing instruction also requires that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instruction are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

During the period ended June 30, 2020 ✓ the Fund was not a party to any related party transactions.

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FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past six periods. ✓

NET ASSETS PER UNIT ⁽¹⁾⁽²⁾⁽⁷⁾

| Class A | Six Months Ended | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended |
|--|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Jun. 30, 2020 | Dec. 31, 2019 | Dec. 31, 2018 | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2015 |
| Commencement of operations June 17, 2009 | \$ | \$ | \$ | \$ | \$ | \$ |
| Net assets at the beginning of period ⁽²⁾ | 0.46 | 0.72 | 0.73 | 0.73 | 0.73 | 0.99 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | - | - | - | - | - | 0.16 |
| Total expenses (excluding distributions) | - | - | - | - | - | - |
| Realized gains (losses) for the period | - | - | - | - | - | 0.37 |
| Unrealized gains (losses) for the period | - | (0.26) | - | - | - | (0.08) |
| Total increase (decrease) from operations ⁽²⁾ | - | (0.26) | - | - | - | 0.45 |
| Distributions: | | | | | | |
| From net investment income (excluding dividends) | - | - | - | - | - | - |
| From dividends | - | - | - | - | - | - |
| From capital gains | - | - | - | - | - | - |
| Return of capital | - | - | - | - | - | (0.70) |
| Total distributions ⁽²⁾⁽³⁾ | - | - | - | - | - | (0.70) |
| Net assets at the end of the period shown ⁽²⁾ | 0.46 | 0.46 | 0.72 | 0.73 | 0.73 | 0.73 |
| Ratios and Supplemental Data | | | | | | |
| Total net assets (\$) ⁽¹⁾ | 16,867,354 | 16,883,214 | 26,602,821 | 26,681,504 | 26,708,027 | 26,764,866 |
| Number of units outstanding ⁽¹⁾ | 36,729,002 | 36,729,002 | 36,729,002 | 36,729,002 | 36,729,002 | 36,729,002 |
| Portfolio turnover rate (%) ⁽⁵⁾ | - | - | - | - | 2.47 | 81.78 |
| Trading expense ratio (%) ⁽⁶⁾ | - | - | - | - | - | - |
| Management expense ratio after taxes (%) ⁽⁴⁾ | 0.23 | 0.30 | 0.34 | 0.37 | 0.35 | 0.12 |
| Closing market price (\$) ✓ | 0.06 | 0.14 | 0.05 | 0.14 | 0.14 | 0.05 |

(1) This information is derived from the Fund's semi-annual and annual financial statements. ✓

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per unit is based on the weighted average number of units outstanding over the fiscal period. ✓

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

(4) Management expense ratio is based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value for the period.

(5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund during the period.

(7) This information is provided for the period ended June 30, 2020 and the years ended December 31. ✓

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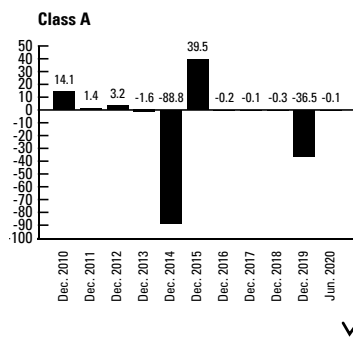
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PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

The following chart shows the Fund's semi-annual and annual performance for each of the periods shown and illustrates how the Fund's performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period, except where noted.



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SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2020



| Category | % of Net Assets | Category | % of Net Assets | Top Holdings | % of Net Assets |
|--------------------------------|-----------------|--------------------------------|-----------------|---|---------------------|
| Country allocation | | Sector allocation | | | |
| Canada | 98.9 | Canadian Corporate Bonds | 98.9 | Cline Mining Corp., Floating Rate, 2022/07/08 | 90.8 |
| Short-Term Investments | 1.2 | Short-Term Investments | 1.2 | Cline Mining Corp., Floating Rate, 2022/07/08 | 8.1 |
| Canadian Equities | 0.0 | Canadian Equities | 0.0 | Royal Bank of Canada Bankers' Acceptance, 0.280%, 2020/08/18 | 1.2 |
| Other Assets, Less Liabilities | (0.1) | Other Assets, Less Liabilities | (0.1) | Cline Mining Corp., Convertible | 0.0 |
| | | | | Total Net Assets (in \$) | \$16,867,354 |



The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.



A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause



actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. 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.