

# Marret High Yield Strategies Fund

Management Report of Fund Performance for the period/year ended June 30, 2024

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., 15 York Street, Second Floor, Toronto, ON, M5J 0A3 or by visiting our website at [www.marret.com](http://www.marret.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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 at June 30, 2024 and December 31, 2023, the Fund's net assets were \$0.0. Class A units returned 0.0% after fees and expenses for the six-month period ended June 30, 2024. Over the same time period, the Fund's benchmarks returned 2.6%, 6.1% and 19.0%. The benchmarks are the ICE BofA U.S. High Yield Total Return Index (USD), the S&P/TSX Composite Total Return Index and the S&P 500 Total Return Index (the Benchmark(s) or the Index(s)).

As previously announced, the Fund has continued in order to hold private positions (the Private Portfolio). The value of the Private Portfolio consists of equity and bonds issued by Cline Mining Corp. (Cline). Marret's intention was to distribute the net proceeds from the Private Portfolio when the holdings are sold and the proceeds are received by the Fund. On December 22, 2023, the Fund took a full write-down of the value of the Private Portfolio based on the decreased likelihood of any recovery and the intention of virtually all of Cline's stakeholders to wind up the corporation. During the first half of the year, Cline has taken steps towards winding up. No ongoing management fee or other fees was charged by Marret for overseeing the liquidation of the Private Portfolio.

## RECENT DEVELOPMENTS

As a result of Allegiance Coal Limited's (Allegiance) purchase of all the shares in New Elk Coal Company, LLC ("NECC"), Cline held US\$35,120,670.84 principal of a secured note issued by NECC ("NECC Note"). The NECC Note were to be repaid as follows:

- US\$3 million paid in cash on the release of the NECC reclamation bonds held by the Colorado Division of Reclamation, Mining and Safety from the current bonds of approximately US\$5.5M (Allegiance has secured up to US\$10 million of insurance mine reclamation bonding to replace the existing bonds); the cash release is expected within 90 days of closing;
- US\$6 million upon the commencement of commercial production by NECC or by December 1, 2021, whichever is earlier;
- The remainder of the NECC Note 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 NECC Note is paid in full, but in any event within 10 years of closing. The NECC Note will not bear interest.

To date, NECC has repaid US\$9 million of the NECC Note. US\$3 million after the release of NECC's reclamation bonds held by the Colorado Division of Reclamation, Mining and Safety, and US\$6 million after reaching the December 1, 2021 outside date.

NECC filed for Chapter 11 protection on February 21, 2023. In addition to NECC, its parent company Allegiance Coal Limited ("AHQ") and three other related entities also filed for insolvency protection. AHQ's mines transitioned to care and maintenance during the bankruptcy process. The assets of the company were liquidated through private sales and an auction. AHQ has been unable to sell NECC's mine. The proceeds from liquidation were less than the cost of administering the estate in bankruptcy and insufficient to pay the estate professionals' fees in full. As such, there will be no recovery for debt holders, and Cline is taking steps towards wind up.

## RELATED PARTY TRANSACTIONS::

During the period ended June 30, 2024, the Manager of the Fund absorbed \$21,043 in management fees due to the declining yields generated by the Fund.

### **Independent Review Committee**

The Manager, in respect of the Fund, received the following standing instructions from the Independent Review Committee (IRC) with respect to related party transactions:

The applicable standing instructions require, amongst others, that related party transactions be conducted in accordance with the Manager's policies and procedures and applicable law and that the Manager reports related party transactions periodically to the IRC and advise the IRC of any material breach of such policies. The Manager's policies and procedures require 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) do not exceed the limitations of the applicable legislation; and (d) achieve a fair and reasonable result for the Fund.

Except as otherwise noted above under Related Party Transactions section, the Fund was not a party to any related party transactions during the period/year ended June 30, 2024. If the Fund invested in related party transactions, it relied on the IRC's standing instructions regarding related party transactions during this reporting period/year.

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## FINANCIAL HIGHLIGHTS

The following table/tables shows/show selected key financial information about the Fund and is/are intended to help you understand the Fund's financial performance for the past six period(s)/year(s), as applicable.

Net Assets per Unit (\$)	Increase (decrease) from operations:					Distributions:					Net assets at the end of the period/year shown	
	Net assets at the beginning of period/year	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period/year	Unrealized gains (losses) for the period/year	Total increase (decrease) from operations	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Class A</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations June 17, 2009												
Listed CSE: MHY.UN												
Jun. 30, 2024	-	-	-	-	-	-	-	-	-	-	-	0.00
Dec. 31, 2023	0.26	-	-	-	(0.26)	(0.26)	-	-	-	-	-	-
Dec. 31, 2022	0.37	-	-	-	(0.11)	(0.11)	-	-	-	-	-	0.26
Dec. 31, 2021	0.46	-	-	-	0.05	0.05	-	-	-	(0.14)	(0.14)	0.37
Dec. 31, 2020	0.46	-	-	-	-	-	-	-	-	-	-	0.46
Dec. 31, 2019	0.72	-	-	-	(0.26)	(0.26)	-	-	-	-	-	0.46

(1) This information is derived from 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/year.

(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) This information is provided for the period(s)/year(s) ended June 30, 2024 and December 31.

# Marret High Yield Strategies Fund

Management Report of Fund Performance for the period/year ended June 30, 2024

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data

	Total net assets	Number of units outstanding	Management expense ratio before waivers or absorptions after taxes	Management expense ratio after taxes	Trading expense ratio	Portfolio turnover rate	Closing market price
	\$000's	000's	%	%	%	%	\$
<b>Class A</b> <small>(1)(2)(3)(4)(5)(6)</small>							
Commencement of operations June 17, 2009							
Listed CSE: MHY.UN							
Jun. 30, 2024	-	36,729,002	-	-	-	-	-
Dec. 31, 2023	-	36,729,002	2.59	0.87	-	-	0.01
Dec. 31, 2022	9,571,099	36,729,002	-	1.25	-	-	0.09
Dec. 31, 2021	13,490,604	36,729,002	-	0.85	-	-	0.26
Dec. 31, 2020	16,840,014	36,729,002	-	0.28	-	-	0.10
Dec. 31, 2019	16,883,214	36,729,002	0.30	0.30	-	-	0.14

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

(2) 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/year.

(3) 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/year. The higher the Fund's portfolio turnover rate in a period/year, the greater the trading costs payable by the Fund in the period/year. 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/year, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period/year.

(4) 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/year.

(5) This information is provided for the period(s)/year(s) ended June 30, 2024 and December 31.

(6) Closing market price.

<sup>^</sup>Historical information is not available.

# Marret High Yield Strategies Fund

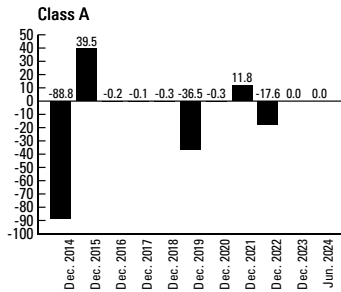
Management Report of Fund Performance for the period/year ended June 30, 2024

## 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 period(s)/year(s) shown were reinvested in additional units of the Fund or relevant Series/Class of the Fund, as applicable. 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/charts shows/show the Fund's semi-annual and annual performance for each of the period(s)/year(s) shown and illustrates/illustrate how the Fund's performance has changed from period/year to period/year. In percentage terms, the chart/charts shows/show how much an investment made on the first day of each financial period/year would have grown or decreased by the last day of each financial period/year, except where noted.



# Marret High Yield Strategies Fund

Management Report of Fund Performance for the period/year ended June 30, 2024

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2024

Category	% of Net Assets	Category	% of Net Assets	Category	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>		<b>Asset allocation</b>	
Canada .....	0.0	Canadian Corporate Bonds .....	0.0	Canadian Corporate Bonds .....	0.0
Other Assets, Less Liabilities .....	0.0	Canadian Equities .....	0.0	Canadian Equities .....	0.0
		Other Assets, Less Liabilities .....	0.0	Other Assets, Less Liabilities .....	0.0

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

# Marret High Yield Strategies Fund

Management Report of Fund Performance for the period/year ended June 30, 2024

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2024 (cont'd)

Top Holdings	% of Net Assets
Cline Mining Corp., Floating Rate, 2030/07/08 .....	0.0
Cline Mining Corp., Floating Rate, 2030/07/08 .....	0.0
Cline Mining Corp., Convertible .....	0.0
<b>Total Net Assets (in \$000's)</b>	<b>\$0</b>

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

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### 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 exchanges 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.

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