Financial Statements of

Canso Select Opportunities Corporation

December 31, 2019 and 2018

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Canso Select Opportunities Corporation
December 31, 2019

Management's Responsibility for Financial Reporting

The accompanying Financial Statements have been prepared by Management. Management is responsible for the information and representations contained in these Financial Statements. Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts based on estimates and assumptions. The significant accounting policies that management believes are appropriate for Canso Select Opportunities Corporation ("CSOC") are described in Note 2 to the Financial Statements.

The Board of Directors is responsible for reviewing and approving CSOC's Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditors. For all share classes of CSOC, the Financial Statements have been reviewed and approved by the Board of Directors.

Approved by the Board of Directors

Brian Carney Director	Shirley Sumsion Director

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Canso Select Opportunities Corporation

Opinion

We have audited the financial statements of Canso Select Opportunities Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2019 and the period from February 16, 2018 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Company 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.

Other Information

Management is responsible for the other information which comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 IFRS, 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’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 GAAS 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 GAAS, 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 Company’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 Company’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 Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 13, 2020

Canso Select Opportunities Corporation
Statements of Financial Position
As at December 31, 2019 and 2018

	2019	2018
	$	$
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 8)	**11,530,366**	13,158,004
Investments through FVTPL (Note 8)	**1,152,279**	-
Cash and cash equivalents	**45,820**	234,915
Prepaid expenses (Note 7)	**11,921**	18,692
Total Current Assets	**12,740,386**	13,411,611
Non-current Asset		
Deferred tax assets (Note 9)	**411,032**	296,898
Total Assets	**13,151,418**	13,708,509
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)	**36,474**	40,745
Advances from Canso Investment Counsel Ltd. (Note 6)	**11**	50,757
Total Current Liabilities	**36,485**	91,502
Shareholders' Equity		
Share capital (Note 5)	**14,863,186**	14,863,186
Contributed surplus	**570,414**	570,414
Deficiency	**(2,318,667)**	(1,816,593)
Total Shareholders' Equity	**13,114,933**	13,617,007
Total Liabilities and Shareholders' Equity	**13,151,418**	13,708,509
Shareholders' Equity		
Class A Multiple Voting Shares	**$7,654,364**	$7,947,393
Class B Subordinate Voting Shares	**$5,460,569**	$5,669,614
Number of Shares Outstanding		
Class A Multiple Voting Shares	**1,621,460**	1,621,460
Class B Subordinate Voting Shares	**1,156,738**	1,156,738
Total Shareholders' Equity per Share		
Class A Multiple Voting Shares	**$4.72**	$4.90
Class B Subordinate Voting Shares	**$4.72**	$4.90

Approved by the Board of Directors

Brian Carney
Director

Shirley Sumsion
Director

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

Canso Select Opportunities Corporation
Statements of Comprehensive Loss
For the year ended December 31, 2019 and the period from February 16, 2018 (date of incorporation) to December 31, 2018

	2019	2018
	$	$
Revenue		
Interest income	**11,536**	-
Realized loss on investment	**(211,033)**	(33,768)
Realized foreign exchange loss	**(570)**	-
Change in unrealized foreign exchange loss	**(1,101)**	-
Change in unrealized loss on investment (Note 8)	**(151,441)**	(1,952,467)
Total Revenue	**(352,609)**	(1,986,235)
Expenses (Notes 6 and 7)		
Directors fees	**117,970**	33,485
Administration	**42,417**	50,481
Bank charges	**800**	331
Insurance	**18,227**	6,571
Professional fees	**84,185**	36,388
Total Expenses	**263,599**	127,256
Net loss before income taxes	**(616,208)**	(2,113,491)
Income taxes recovery		
Current	**-**	-
Deferred (Note 9)	**(114,134)**	(296,898)
Total Income taxes recovery	**(114,134)**	(296,898)
Net loss and comprehensive loss for the year/period	**(502,074)**	(1,816,593)
Net loss, by class		
Class A Multiple Voting Shares	**($293,029)**	($1,060,232)
Class B Subordinate Voting Shares	**($209,045)**	($756,361)
Net loss, per share		
Class A Multiple Voting Shares	**($0.18)**	($0.65)
Class B Subordinate Voting Shares	**($0.18)**	($0.65)

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

Canso Select Opportunities Corporation
Statements of Changes in Equity
For the year ended December 31, 2019 and the period from February 16, 2018 (date of incorporation) to December 31, 2018

	2019			
	$	**$**	**$**	**$**
	Share capital	**Contributed surplus**	**Deficit**	**Total**
Class A Multiple Voting Shares				
Opening balance, January 1, 2019	8,674,710	332,915	(1,060,232)	7,947,393
Net Loss for the year	-	-	(293,029)	(293,029)
Balance at December 31, 2019	**8,674,710**	**332,915**	**(1,353,261)**	**7,654,364**
Class B Subordinate Voting Shares				
Opening balance, January 1, 2019	6,188,476	237,499	(756,361)	5,669,614
Net Loss for the year	-	-	(209,045)	(209,045)
Balance at December 31, 2019	**6,188,476**	**237,499**	**(965,406)**	**5,460,569**
Total	**14,863,186**	**570,414**	**(2,318,667)**	**13,114,933**

	2018			
	$	$	$	$
	Share capital	Contributed surplus	Deficit	Total
Class A Multiple Voting Shares				
Opening balance, February 16, 2018	-	-	-	-
Net Loss for the period	-	-	(1,060,232)	(1,060,232)
Capital transactions:				-
Share issuance	10	-	-	10
Share cancellation	(10)	-	-	(10)
Share exchange	8,674,710	-	-	8,674,710
Contributed surplus	-	332,915	-	332,915
Balance at December 31, 2018	8,674,710	332,915	(1,060,232)	7,947,393
Class B Subordinate Voting Shares				
Opening balance, February 16, 2018	-	-	-	-
Net loss for the period	-	-	(756,361)	(756,361)
Capital transactions:				
Share exchange	6,188,476	-	-	6,188,476
Contributed surplus	-	237,499		237,499
Balance at December 31, 2018	6,188,476	237,499	(756,361)	5,669,614
Total	14,863,186	570,414	(1,816,593)	13,617,007

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

Canso Select Opportunities Corporation
Statements of Cash Flows
For the year ended December 31, 2019 and the period from February 16, 2018 (date of incorporation) to December 31, 2018

	2019	2018
	$	$
Operating Activities		
Net loss	**(502,074)**	(1,816,593)
Adjustments for:		
Realized losses on investment	**211,033**	33,768
Interest income receivable	**(11,536)**	-
Change in unrealized depreciation on investment	**151,441**	1,952,467
Change in unrealized foreign exchange loss	**1,101**	-
Purchase of investments	**(1,086,715)**	-
Proceeds from sale of investments	**1,210,035**	289,361
Prepaid expenses	**6,771**	(18,692)
Deferred tax assets	**(114,134)**	(296,898)
Accounts payable and accrued liabilities	**(4,271)**	40,745
Advances from Canso Investment Counsel Ltd.	**(50,746)**	50,757
Net Cash (Used In) Provided by Operating Activities	**(189,095)**	234,915
Financing Activities		
Issue of class A Multiple Voting Share	**-**	10
Cancellation of Class A Multiple Voting Share	**-**	(10)
Net Cash Used In Financing Activities	**-**	-
Cash and cash equivalents — Beginning of year/period	**234,915**	-
Cash and cash equivalents — End of year/period	**45,820**	234,915

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

1. General Information
Canso Select Opportunities Corporation ("CSOC" or “Company”) was incorporated by articles of incorporation under the Ontario Business Corporations Act on February 16, 2018. Effective September 4, 2018, the Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC were eligible to commence trading on the TSX Venture Exchange under the symbols CSOC. A representing the Class A Multiple Voting Shares and CSOC.B representing the Class B Subordinate Voting Shares. Canso Select Opportunities Fund (“CSOF”) is a wholly-owned investment held by CSOC. CSOC indirectly holds all of the investments of CSOF through its ownership of CSOF.

CSOC is an Ontario-based investment corporation. The Company's registered head office is 100 York Blvd., Suite 550, Richmond Hill, Ontario, L4B 1J8. CSOC’s investment objective is to provide capital gains and dividend income to its shareholders. Consistent with this objective, the Company evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on both the attractiveness of new investment opportunities and the availability of capital as generated from the realization of value from existing portfolio investments.

2. Basis of Presentation and Significant Accounting Policies
These financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and as required by Canadian securities legislation and the Canadian Accounting Standards Board. The Company qualifies as an Investment Entity under IFRS 10 'Consolidated Financial Statements' (“IFRS 10”). Entities that meet the definition of an investment entity within IFRS 10, are required to measure their subsidiaries at Fair Value Through Profit or Loss (“FVTPL”) rather than consolidate them. The criteria which define an investment entity are as follows: 1) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services; 2) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and 3) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis. In the judgement of management, CSOC meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

The following significant accounting policies were used in the preparation of these financial statements:

Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Deferred Income Taxes
The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Shareholders’ Equity
CSOC classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. CSOC’s Class A multiple voting shares, and Class B subordinate voting shares do not contain a redemption feature, are therefore not puttable and are classified as equity under IAS 32, Financial Statements.

Foreign Currency
CSOC’s functional and presentation currency is the Canadian dollar. Foreign-denominated investments and other foreign-denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash and other financial assets and liabilities are presented as ‘Foreign exchange gain (loss) on cash and other net assets’.

Income Recognition
Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date.

2. Basis of Presentation and Significant Accounting Policies (Cont'd)

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

IFRS 9 Financial Instruments ("IFRS 9")

Since its inception, CSOC has applied IFRS 9, Financial Instruments, which deals with the recognition, derecognition, classification and measurement of financial instruments. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, cash, prepaid expenses and accounts payable and accrued liabilities are all carried at amortized cost. All other financial assets would be measured at fair value. IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The ECL impairment model does not have a material impact on the Company's financial assets given that the majority of the Company's financial assets are measured at Fair value through profit or loss.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

Assets

CSOC classifies its investments in debt and equity securities and investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. CSOC also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") has not been taken. Consequently, these financial assets are mandatorily measured at FVTPL.

Liabilities

CSOC may make short sales in which a borrowed security is sold in anticipation of a future decline in its market value or used as an arbitrage strategy.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and financial liabilities measured at amortized cost include cash, accrued income, prepaid expenses and other short-term receivables and payables.

Fair Value Hierarchy

CSOC classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2. Basis of Presentation and Significant Accounting Policies (Cont'd)
Fair Value Hierarchy (Cont'd)

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 as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. Management assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable data requires significant judgment by the investment committee. CSOC considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair Value Measurements
CSOC measures its investment in CSOF at FVTPL, which is determined based on the fair value of CSOF's assets and liabilities. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the period-end date. The quoted market price used for financial assets and financial liabilities of CSOF is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. Management uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, management selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

Management uses widely recognized valuation techniques for determining the fair value of financial and non-financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing techniques, and v) internally developed models. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value.

2. Basis of Presentation and Significant Accounting Policies (Cont'd)
Fair Value Measurements (Cont'd)

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models.

Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued.

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation).

For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services.

Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Company also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation.

Recognition, Derecognition and Measurement
At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or CSOC has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.
Investment transactions are accounted for on a trade date basis. Interest income is recorded on an accrual basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income.

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gains or losses from disposition of the related investments at the exercise price of the option.

2. Basis of Presentation and Significant Accounting Policies (Cont'd)

Accounting Estimates

In the application of the Company`s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to use judgement in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The following discusses the most significant accounting judgements that the company has made in preparing the financial statements:

i. Fair value measurement of derivatives and securities not quoted in an active market
CSOC may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates CSOC has made in preparing financial statements. See Note 10 for more information on the fair value measurements of CSOC's financial statements.

ii. Deferred tax assets
Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with further tax planning strategies.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are current in nature and will be paid within the next 3 months. The breakdown of the account is as follows:

	December 31, 2019	December 31, 2018
	$	$
Accounts payable and accrued liabilities	**27,361**	32,817
Government remittances	**9,113**	7,928
	36,474	40,745

5. Share Capital

The Company is authorized to issue an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares.

Class A Multiple Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class A Multiple Voting Shares are as follows:

Dividends - The holders of Class A Multiple Voting Shares shall be entitled to receive and the Company shall pay thereon, as and when declared from time to time by the Board of Directors of the Company (the "Board") out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class A Multiple Voting Shares without also concurrently declaring a dividend on the Class B Subordinate Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is $0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

5. Share Capital (cont'd)

Conversion - The Class A Multiple Voting Shares are convertible, at any time, at the option of the holder and without payment of additional consideration, into Class B Subordinate Voting Shares on the basis of one Class B Subordinate Voting Share for each one Class A Multiple Voting Share so converted. A holder of Class A Multiple Voting Shares may convert less than all of the Class A Multiple Voting Shares held, but only a whole number of Class A Multiple Voting Shares may be converted.

Voting - The holders of the Class A Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, in person or by proxy, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such Class A Multiple Voting Share shall confer the right to thirty (30) votes.

Liquidation - The holders of the Class A Multiple Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class A Multiple Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class B Subordinate Voting Shares, in such assets of the Company as are available for distribution.

Class B Subordinate Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class B Subordinate Voting Shares are as follows:

Dividends - The holders of Class B Subordinate Voting Shares shall be entitled to receive, and the Company shall pay thereon, as and when declared from time to time by the Board out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class B Subordinate Voting Shares without also concurrently declaring a dividend on the Class A Multiple Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is $0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion - In the event that an Exclusionary Offer is made for the Class A Multiple Voting Shares, the Class B Subordinate Voting Shares are, subject to certain conditions, convertible at the option of the holder into Class A

Multiple Voting Shares on a one for one basis for purposes of the holder tendering such converted shares to the Exclusionary Offer.

"Exclusionary Offer" means an offer to purchase Class A Multiple Voting Shares that:

(A) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Multiple Voting Shares are listed, be made to all or substantially all holders of Class A Multiple Voting Shares who are residents of a province of Canada to which the requirement applies; and

(B) is not made concurrently with an offer to purchase Class B Subordinate Voting Shares that is identical to the offer to purchase Class A Multiple Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Class A Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Multiple Voting Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Multiple Voting Shares, and for the purposes of this definition if an offer to purchase Class A Multiple Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for this sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Subordinate Voting Shares.

Voting - The holders of the Class B Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such Class B Subordinate Voting Share shall confer the right to one (1) vote in person or by proxy.

5. Share Capital (cont'd)
Class B Subordinate Voting Shares (cont'd)

Liquidation - The holders of the Class B Subordinate Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class B Subordinate Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class A Multiple Voting Shares, in such assets of the Company as are available for distribution.

Preference Shares - The Preference Shares may at any time and from time to time be issued in one or more series, to consist of such number of shares as may, before issuance of such series, be fixed by the Board by Articles of Amendment in accordance with the procedure set forth in the Business Corporations Act (Ontario) (the "OBCA") respecting the issuance of shares in series. The Board may, subject to the limitations set forth in the OBCA, fix by Articles of Amendment the designation of each series of Preference Shares and the rights, privileges, restrictions and condition assigned to such series. There are no Preference Shares issued as of December 31, 2019.

At December 31, 2019 share capital consists of the following:

	Number of shares **#**	Amount **$**
1,621,460 Class A Multiple Voting Shares		**8,674,710**
1,156,738 Class B Subordinate Voting Shares		**6,188,476**
		14,863,186
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, January 1, 2019	**1,621,460**	**8,674,710**
Class A multiple voting shares issued	**-**	-
Class A multiple voting shares outstanding, December 31, 2019	**1,621,460**	8,674,710
Class B Subordinate Voting Shares:		
Class B subordinate voting shares outstanding, January 1, 2019	**1,156,738**	6,188,476
Class B subordinate voting shares issued	**-**	-
Class B subordinate voting shares outstanding, December 31, 2019	**1,156,738**	6,188,476
	2,778,198	14,863,186

At December 31, 2018 share capital consisted of the following:

	Number of shares \#	Amount $
1,621,460 Class A Multiple Voting Shares		8,674,710
1,156,738 Class B Subordinate Voting Shares		6,188,476
		14,863,186
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, February 16, 2018 on incorporation	1	10
Class A multiple voting shares-September 4, 2018 purchased for cancellation	(1)	(10)
Class A multiple voting shares of CSOC issued in exchange for A units of CSOF	1,621,460	8,674,710
Class A multiple voting shares outstanding, December 31, 2018	1,621,460	8,674,710
Class B Subordinate Voting Shares:		
Class B Subordinate voting shares of CSOC issued in exchange for F units of CSOF	1,156,738	6,188,476
	2,778,198	14,863,186

6. Related Party Transactions
On August 1, 2018 CSOC entered into an operational services agreement with Canso Investment Counsel Ltd. ("Canso"). The operational services agreement sets out that Canso will provide the day-to-day operational services to carry out the business affairs of CSOC. Until September 4, 2020, no fees will be payable for services provided by Canso to CSOC. At September 4, 2020, this arrangement may be extended for another 12 month period or amended as agreed between Canso and CSOC. If amended, the fees payable to Canso shall not exceed 1.00% per annum of the net assets of CSOC. There are no management fees charged for the year ended December 31, 2019 (December 31, 2018: $0).

Included in Advances from Canso Investment Counsel Ltd. is $11 (2018: $50,757 – filing fees) relating to a computer software expense paid by Canso on behalf of CSOC. This amount will be repaid within the next 6 months of the year end.

On June 28, 2019, CSOC closed the sale of 99,006 Series 4 Class A preferred shares of Hubba Inc. (“Hubba”) to Skunkworks Investment Corporation, a related party, for total cash consideration of $2,100,000 (the "Transaction"). The transaction resulted in a realized capital gain of $747,370. The Transaction is deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101—Protection of Minority Security Holders in Special Transactions ("MI 61-101") since John Carswell, a director of CSOC and Skunkworks, beneficially owns, directly or indirectly, or exercises control or direction over, approximately 45% of the voting rights of CSOC and more than 50% of the securities of Skunkworks.

Immediately prior to the closing, the Hubba position accounted for approximately 38.8% of CSOC’s assets. As a result of the Transaction, the Hubba position represented approximately 23.4% of CSOC’s assets. The gross proceeds of the Transaction were used by CSOC to pursue several investment opportunities and for general working capital purposes. The Transaction was reviewed by a special committee (the "Special Committee") comprised of members of the board of directors (the “Board”) who are independent of CSOC and are not members of management of the Company.

7. Prepaid Expenses
Prepaid expenses substantially consist of a Directors and Officers insurance policy which has an expiry date of August 23, 2020 and is being expensed over the term of the policy.

8. Investments
In determining whether CSOC has control or significant influence over an investment, CSOC assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. CSOC qualifies as an investment entity under IFRS 10, and therefore accounts for investments it controls at fair value through profit and loss. CSOC’s primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the Circular to meet those objectives. CSOC also measures and evaluates the performance of any investment on a fair value basis. As described in note 1, CSOF is a wholly owned investment of CSOC.

During the year ended December 31, 2019, CSOC reported a net loss of $502,074 (2018: $1,816,593) or ($0.18) (2018: ($0.65)) per CSOC Class A and B shares. This is the result of $151,441 (2018: $1,952,467) in net unrealized mark to market losses primarily on CSOF’s public equity holdings of Telepath Networks, Inc. and $211,033 (2018: $33,768) realized losses on redemption of CSOF units.

As at December 31, 2019, CSOF’s investment portfolio consists of equity and debt securities in 20 different issuers. The portfolio also included cash and cash equivalents.

8. Investments (Cont'd)

Description	Average Cost $	Fair Value $	% of Portfolio
Cash & Cash Equivalents	**58,273**	**58,273**	**0.50%**
Equities Held Long	**14,262,579**	**11,177,839**	**96.77%**
BCE Inc.	44,010	44,632	0.39%
BMO Laddered Preferred Share Index ETF	137,788	141,768	1.23%
BZ Holdings Inc.(Formerly Purch Group Inc.)	918,783	975,304	8.44%
BZ Holdings Inc.(Formerly Purch Group Inc.) - Warrants	-	-	0.00%
Canadian Life Companies Split	78,572	88,452	0.77%
ClearStream Energy Services Inc.	2,012,939	237,260	2.05%
ClearStream Energy Services Inc. - Preferred	729,400	729,000	6.31%
Enbridge Inc.	220,912	234,493	2.03%
Genworth MI Canada Inc. Jan 20 P23	10,480	600	0.01%
Genworth MI Canada Inc. Jan 20 P27	682	16	0.00%
Genworth MI Canada Inc. Jan 20 P33	79,786	272	0.00%
Genworth MI Canada Inc. Jan 20 P35	19,380	2,250	0.02%
Genworth MI Canada Inc. Jan 20 P37	17,820	2,100	0.02%
Genworth MI Canada Inc. Jan 21 P31	43,360	1,410	0.01%
Genworth MI Canada Inc. Jan 21 P33	18,120	450	0.00%
Hubba, Inc.	2,049,233	3,143,874	27.22%
Manulife Financial Corp	6,744	6,964	0.06%
M-Split	838,474	750,599	6.50%
Second Cup Ltd.	3,400,936	1,535,016	13.29%
TC Energy Corp	5,590	6,115	0.05%
Telepath Networks, Inc. - Warrants	-	-	0.00%
Torstar Corporation	1,392,200	111,514	0.97%
Xplornet Communications	141,651	1,557,392	13.48%
Yellow Pages Limited	2,095,719	1,608,358	13.92%
Equities Held Short	**(185,536)**	**(315,351)**	(2.73%)
Genworth MI Canada Inc.	(185,536)	(315,351)	(2.73%)
Fixed Income	**2,394,703**	**1,082,889**	9.40%
Ford Credit Canada Co	351,832	349,806	3.05%
Kraft Heinz Foods Co	645,171	681,333	5.90%
Stuart Olson Inc	57,000	51,750	0.45%
Telepath Networks, Inc.	1,340,700	-	0.00%
Fixed Income Held Short	**(475,458)**	**(453,007)**	(3.94%)
US Treasury Bond	(475,458)	(453,007)	(3.94%)
Grand Total	**16,054,561**	**11,550,643**	100.00%
Other Assets, Net of Liabilities		**(20,277)**	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		**11,530,366**	

As at December 31, 2019, CSOC's investment portfolio consists of equity and debt securities in 4 different issuers.

Description	Average Cost $	Fair Value $	% of Portfolio
Equities Held Long	**305,559**	**310,898**	**26.98%**
Brill Power Limited	105,559	110,898	9.62%
Reformulary Group Inc.	200,000	200,000	17.36%
Fixed Income	**781,156**	**841,381**	**73.02%**
HashTag Paid Inc.	132,837	129,668	11.25%
Maxar Technologies Inc.	648,319	711,713	61.77%
CSOC's Investments at Fair Value through Profit or Loss	**1,086,715**	**1,152,279**	**100.00%**

9. Income Taxes

CSOC, as a public corporation, is subject to income taxes on its net investment income and net realized gain on investments at rates of approximately 26.50% and 13.25%, respectively. Taxable dividends from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The effective income tax rates for deferred income taxes are approximately 26.50% on investment income and 13.25% on net realized gains/losses.

The Company's recovery of income taxes for the year/period ended December 31, 2019 and 2018 are summarized as follows:

	December 31, 2019		December 31, 2018	
	$	**%**	$	%
Net loss before income taxes	**(616,208)**	**100.0%**	(2,113,491)	100.0%
Expected taxes recoverable at future rates - 26.5%	**(163,295)**	**26.5%**	(560,074)	26.5%
Income tax effect of the following:				
Non-deductible expenses	**95**	**(0.0%)**	-	0.0%
Non-taxable portion of realized capital (gain)/loss	**(48,194)**	**7.8%**	4,474	(0.2%)
Non-taxable portion of unrealized capital loss	**97,260**	**(15.8%)**	258,702	(12.2%)
	(114,134)	**18.5%**	(296,898)	14.0%

The income tax recovery is represented as follows:

	December 31, 2019	December 31, 2018
	$	**$**
Current tax expense	**-**	-
Deferred tax recovery	**(114,134)**	(296,898)
	(114,134)	(296,898)

As at December 31, 2019, CSOC had a deferred tax asset of $411,032 (2018: $296,898) relating to non-capital losses and a realized and unrealized losses on its investments. The components of the Company's deferred income tax asset are as follows:

	December 31, 2019	December 31, 2018
	$	**$**
Non-Capital Losses	**56,704**	33,722
Realized Capital Losses	**-**	4,474
Unrealized Losses	**354,328**	258,702
	411,032	296,898

CSOC has non-capital losses of $213,979 (2018: $127,255) available to offset future taxable income, and if not utilized, will expire as follows:

	$
2038	**127,255**
2039	**86,724**
	213,979

CSOC also has realized capital losses of $nil (2018: $33,768) which can be applied against future capital gains that do not have an expiry date.

10. Fair Value Hierarchy

The following fair value hierarchy table presents information about CSOF's assets and liabilities measured at fair value, as described in Note 2, as at December 31, 2019 and 2018. During the year ended December 31, 2019, there were no transfers between level 1 and level 2 (December 31, 2018: nil).

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	$ 1,082,889	$ -	$ -	$ 1,082,889
Equities - CSOF	4,772,266	-	6,405,573	11,177,839
Fixed Income held in CSOC	-	711,713	129,668	841,381
Equities held in CSOC	-	-	310,898	310,898
Total	$ 5,855,155	$ 711,713	$ 6,846,139	$ 13,413,007

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income - CSOF	$ (453,007)	$ -	$ -	$ (453,007)
Equities - CSOF	(315,351)	-	-	(315,351)
Total	$ (768,358)	$ -	$ -	$ (768,358)

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	$ -	$ -	$ 628,268	$ 628,268
Equities - CSOF	3,730,574	-	8,803,342	12,533,916
Total	$ 3,730,574	$ -	$ 9,431,610	$ 13,162,184

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Equities - CSOF	$ (460,290)	$ -	$ -	$ (460,290)
Total	$ 351,832	$ -	$ -	$ (460,290)

	December 31, 2019	December 31, 2018
Level 3 Reconciliation		
Balance, beginning of year/period	$ 9,431,610	$ 9,747,000
Purchases - held in CSOC	438,396	-
Sales - CSOF	(2,100,000)	(1,235,814)
Transfers in	-	729,400
Realized gains (losses), net	-	121,954
Change in unrealized (depreciation) appreciation - CSOF	(926,037)	69,070
Change in unrealized appreciation - held in CSOC	2,170	-
Balance, end of year/period	$ 6,846,139	9,431,610

The fair value of each Level 3 financial instrument is generally measured using unobservable market inputs with the best information available at the time. Various valuation techniques are utilized, depending on a number of factors including key inputs and assumptions, which are company specific and may include estimated discount rates and expected price volatilities.

The table below presents investments in CSOC and CSOF whose fair values are determined based in valuation techniques that utilize unobservable market inputs. The effects of changing one or more of those inputs are indiciated in the table below:

10. Fair Value Hierarchy (Cont'd)

Fair Value $	Valuation Technique	Unobservable Input	Reasonable Possible Change in Input	Impact on Fair Value $
5,430,266	CSOF's investments - Private placement financing technique	Price of last capital raise	+/-30%	1,629,080
440,566	CSOC's investments - Private placement financing technique	Price of last capital raise	+/-30%	132,170
975,307	CSOF's investments - Internal Model that includes a combination: 1) discounted value of expected cash flows 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding to confirm its reasonability	Audited Financial statement data, recent private offering valuation multiples of competitors, and liquidation preference rights	+/-12%	117,037

11. Risk Management
CSOC's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk (including interest rate risk, currency risk, and price risk). The value of the investments in the Company's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the investment committee will diversify the portfolio based on industry and credit rating category. As at December 31, 2019, the financial risks are coming from CSOC's investment in CSOF and its other investments. Significant risks that are relevant to the Company are discussed below.

Credit Risk
Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Company's main exposure to credit risk consists of investments in debt instruments, such as bonds. To manage this risk, the investment committee monitors the Company's credit exposure and counterparty ratings. The Company measures credit risk and lifetime expected credit losses related to the trade receivables using historical analysis and forward-looking information in determining the expected credit loss.
As at December 31, 2019, the only credit risks are coming from CSOC's investment in CSOF and 2 different issuers.

CSOF had directly invested in debt instruments with the following credit ratings:

As a % of CSOF's net assets	**December 31, 2019**		December 31, 2018	
Credit Exposure	**$**	**%**	**$**	**%**
AAA	**(453,007)**	**(3.9%)**	-	0.0%
BBB-	**1,031,139**	**8.9%**	-	0.0%
Not Rated	**51,750**	**0.4%**	628,268	4.8%

CSOC had directly invested in debt instruments with the following credit ratings:

As a % of CSOC's net assets	**December 31, 2019**		December 31, 2018	
Credit Exposure	**$**	**%**	**$**	%
B	**711,713**	**61.8%**	-	0.0%
Not Rated	**129,668**	**11.3%**	-	0.0%

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations. Liquidity risk is managed by investing a significant portion of the Company's assets in investments that are traded in an active market and that can be readily sold. All liabilities of CSOC are due within one year.

11. Risk Management (Cont'd)
Liquidity Risk (Cont'd)

The following table presents CSOF's liabilities according to their maturity date as at December 31, 2019:

	Less than a month	1-3 months	3 months - 1 Year	> 1 year
Liquidy Risk				
Equity securities sold short	$ -	$ -	$ 315,351	$ -
Fixed income securities sold short	-	-	-	454,528
Other Accrued Expenses	-	28,777	-	-

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market interest rates. To manage interest rate risk, the investment committee monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Company. As at December 31, 2019, the interest rate risk is coming from CSOC's investment in CSOF and its other fixed income investments.

The table below summarizes CSOF's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2019:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed Income securities	$ -	$ 401,556	228,326	$ 629,882

The table below summarizes CSOC's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2019:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed Income securities	$ -	$ 836,359	-	$ 836,359

Market Risk
If interest rates had increased or decreased by 1% at December 31, 2019 with all other variables remaining constant, net assets of the interest-bearing financial instruments of CSOF would have decreased or increased by approximately $12,541 (2018 - $268); net assets of the interest-bearing financial instruments of CSOF would have decreased or increased by approximately $25,551 (2018 - $0). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency Risk
Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. The currency risk will typically be hedged by entering into foreign currency forward contracts if required, however some moderate currency exposure may be assumed if deemed to be beneficial to the Company. As at December 31, 2019, the currency risk is coming from CSOC's investment in CSOF and its other investments.

The table below summarizes CSOF's net exposure to currency risk as at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Currency Exposure		
USD	**10%**	8%

The table below summarizes CSOC's net exposure to currency risk as at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Currency Exposure		
USD	**73%**	0%
GBP	**10%**	0%

11. Risk Management (Cont'd)
Currency Risk (Cont'd)

As at December 31, 2019, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors remaining constant, CSOF's net assets may have decreased or increased by 0.11% (2018 – 0.08%) and CSOC's net assets may have decreased or increased by 0.82% (2018 – 0.00%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Price Risk
Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. This risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio.

As at December 31, 2019, the price risk is coming from CSOC's investment in CSOF and its other investments, as approximately 99% of CSOF's net assets were invested in these asset types and 27% of CSOC's net assets were invested in these asset types. If prices of these investments had increased or decreased by 5% with all other factors remaining constant, CSOF's net assets would have increased or decreased, by approximately $543,124 (2018 - $130,129); CSOC's net assets would have increased or decreased, by approximately $15,545 (2018 - $0). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

12. Approval of financial statements
The financial statements were approved by the Board of Directors and authorized for issue on April 13, 2020.