Financial Statements

Canso Select Opportunities Corporation

December 31, 2022 and 2021

Table of contents

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

(signed) "Joe Morin"	*(signed) "Shirley Sumsion"*
Joe Morin	Shirley Sumsion
Director	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, 2022 and 2021, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, 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, 2022 and 2021, and its financial performance and its cash flows for the years 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.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Level 3 Investments — Refer to Notes 2, 3 and 10 to the Financial Statements

Key Audit Matter Description

The Company's investment portfolio includes securities not quoted in an active market ("private investments") for which reliable quotations are not readily available, or for which there is no closing bid price. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments. The valuation methodologies used in estimating the fair value of these private investments vary based on the specific characteristics of the private investments.

The valuation of the private investments is inherently subjective and involves the use of significant management judgment and unobservable market inputs. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the use of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation methodologies and unobservable market inputs used by management to estimate the fair value of the private investments included the following, among others:

- For a sample of private investments, with the assistance of fair value specialists,
  - Evaluated the appropriateness of the methodology used in the valuation of the private investments;
  - Evaluated the reasonableness of any significant changes in valuation methodologies or significant unobservable market inputs
  - Reviewed relevant internal and external information, including industry information, to assess the reasonability of unobservable market inputs in instances where these inputs were more subjective;
  - Developed independent fair value estimates by using private investment financial information, which was compared to agreements or underlying source documents provided to the Company by the private investments, and available market information from third party sources such as market spreads, market multiples, and leverages;
- Evaluated management's fair value estimates by comparing to subsequent transactions, if any, taking into account changes in market or investment specific conditions, where applicable.

Other Information

Management is responsible for the other information. The other information 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatrale.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 28, 2023

Canso Select Opportunities Corporation
Statements of Financial Position
As at December 31, 2022 and 2021

	2022 $	2021 $
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 7)	**9,689,304**	10,390,908
Investments through FVTPL (Note 7)	**3,292,218**	3,646,548
Accrued interest	**78,520**	62,694
Cash and cash equivalents	**79,993**	70,487
Dividend receivable	**393**	152
Prepaid expenses	**220,315**	13,267
Total Current Assets	**13,360,743**	14,184,056
Non-current Asset		
Deferred tax assets (Note 8)	**423,916**	269,010
Total Assets	**13,784,659**	14,453,066
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	**178,585**	42,520
Total Liabilities	**178,585**	42,520
Shareholders' Equity		
Share capital (Note 5)	**11,109,050**	11,109,050
Contributed surplus	**4,324,550**	4,324,550
Deficiency	**(1,827,526)**	(1,023,054)
Total Shareholders' Equity	**13,606,074**	14,410,546
Total Liabilities and Shareholders' Equity	**13,784,659**	14,453,066
Shareholders' Equity		
Class A Multiple Voting Shares	**$7,903,921**	$8,410,532
Class B Subordinate Voting Shares	**$5,702,153**	$6,000,014
Number of Shares Outstanding		
Class A Multiple Voting Shares	**1,611,460**	1,621,460
Class B Subordinate Voting Shares	**1,166,738**	1,156,738
Total Shareholders' Equity per Share		
Class A Multiple Voting Shares	**$4.90**	$5.19
Class B Subordinate Voting Shares	**$4.90**	$5.19

Approved by the Board of Directors

Joe Morin
Director

Shirley Sumsion
Director

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

Canso Select Opportunities Corporation
Statements of Comprehensive (Loss) Income
For the years ended December 31, 2022 and 2021

	2022	2021
	$	$
Revenue		
Dividend income	**3,069**	1,917
Interest income	**30,226**	72,424
Realized gain on investments (Note 7)	**446,099**	216,451
Change in unrealized foreign exchange gain	**88,347**	38,904
Change in unrealized (loss) gain on investments (Note 7)	**(1,289,015)**	2,611,603
Total Revenue	**(721,274)**	2,941,299
Expenses (Note 6)		
Directors fees	**126,521**	126,235
Professional fees	**43,398**	59,039
Administration	**45,870**	34,251
Insurance	**21,608**	19,123
Bank charges	**707**	701
Total Expenses	**238,104**	239,349
Net (loss) income before income taxes	**(959,378)**	2,701,950
Income tax (recovery) expense		
Deferred (Note 8)	**(154,906)**	324,980
Total Income tax (recovery) expense	**(154,906)**	324,980
Net (loss) income and comprehensive (loss) income for the year	**(804,472)**	2,376,970
Net (loss) income, by class		
Class A Multiple Voting Shares	**($466,624)**	$1,387,288
Class B Subordinate Voting Shares	**($337,848)**	$989,682
Net (loss) income, per share		
Class A Multiple Voting Shares	**($0.29)**	$0.86
Class B Subordinate Voting Shares	**($0.29)**	$0.86

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

Canso Select Opportunities Corporation
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

	2022			
	$	**$**	**$**	**$**
	Share capital	**Contributed surplus**	**Deficit**	**Total**
Class A Multiple Voting Shares				
Opening balance, January 1, 2022	6,483,656	2,523,969	(597,093)	8,410,532
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	(39,987)	-	-	(39,987)
Net loss for the year	-	-	(466,624)	(466,624)
Balance at December 31, 2022	**6,443,669**	**2,523,969**	**(1,063,717)**	**7,903,921**
Class B Subordinate Voting Shares				
Opening balance, January 1, 2022	4,625,394	1,800,581	(425,961)	6,000,014
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	39,987	-	-	39,987
Net loss for the year	-	-	(337,848)	(337,848)
Balance at December 31, 2022	**4,665,381**	**1,800,581**	**(763,809)**	**5,702,153**
Total	**11,109,050**	**4,324,550**	**(1,827,526)**	**13,606,074**

	2021			
	$	$	$	$
	Share capital	Contributed surplus	Deficit	Total
Class A Multiple Voting Shares				
Opening balance, January 1, 2021	6,483,656	2,523,969	(1,984,381)	7,023,244
Net Income for the year	-	-	1,387,288	1,387,288
Balance at December 31, 2021	6,483,656	2,523,969	(597,093)	8,410,532
Class B Subordinate Voting Shares				
Opening balance, January 1, 2021	4,625,394	1,800,581	(1,415,643)	5,010,332
Net Income for the year	-	-	989,682	989,682
Balance at December 31, 2021	4,625,394	1,800,581	(425,961)	6,000,014
Total	11,109,050	4,324,550	(1,023,054)	14,410,546

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

Canso Select Opportunities Corporation
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022 $	2021 $
Operating Activities		
Net (loss) income	**(804,472)**	2,376,970
Adjustments for:		
Realized gain on investment	**(446,099)**	(216,451)
Change in unrealized foreign exchange gain on investments	**(88,421)**	(38,904)
Change in unrealized depreciation (appreciation) on investments	**1,289,015**	(2,611,603)
Purchase of investments	**(549,032)**	(1,382,432)
Proceeds from sale of investments	**850,471**	1,486,625
Accrued interest	**(15,826)**	(55,541)
Dividend receivable	**(241)**	(153)
Prepaid expenses	**(207,048)**	(1,396)
Deferred tax assets	**(154,906)**	324,980
Accounts payable and accrued liabilities	**136,065**	7,400
Net Cash Generated (Used In) by Operating Activities	**9,506**	(110,505)
Cash and cash equivalents — Beginning of year	**70,487**	180,992
Cash and cash equivalents — End of year	**79,993**	70,487

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 include 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. Interest income is measured using the effective interest rate method.

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

Earnings or Loss per share
Basic earnings or loss per share is computed by dividing the earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is computed similar to basic earnings or 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.

Share Capital
Share capital of the Company as stated in the financial statements is the same as the Company's legal stated capital.

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")

Financial 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.

Financial 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, 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 (loss).

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, 2022	December 31, 2021
	$	$
Accounts payable and accrued liabilities	**169,469**	33,404
Government remittances	**9,116**	9,116
	178,585	42,520

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. Share capital of the Company as stated in the financial statements is the same as the legal stated capital.

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, 2022 and 2021.

At December 31, 2022 share capital consists of the following

	Number of shares \#	Amount $
1,611,460 Class A Multiple Voting Shares		**6,443,669**
1,166,738 Class B Subordinate Voting Shares		**4,665,381**
		11,109,050
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, January 1, 2022	**1,621,460**	**6,483,656**
Class A multiple voting shares issued	**-**	**-**
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	**(10,000)**	**(39,987)**
Class A multiple voting shares outstanding, December 31, 2022	**1,611,460**	**6,443,669**
Class B Subordinate Voting Shares:		
Class B subordinate voting shares outstanding, January 1, 2022	**1,156,738**	**4,625,394**
Class B subordinate voting shares issued	**-**	**-**
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	**10,000**	**39,987**
Class B subordinate voting shares outstanding, December 31, 2022	**1,166,738**	**4,665,381**
	2,778,198	**11,109,050**

During the year, there was a conversion of 10,000 Class A Multiple Voting Shares to 10,000 Class B Subordinate Voting Shares.

At December 31, 2021 share capital consisted of the following:

	Number of shares \#	Amount $
1,621,460 Class A Multiple Voting Shares		6,483,656
1,156,738 Class B Subordinate Voting Shares		4,625,394
		11,109,050
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, January 1, 2021	1,621,460	6,483,656
Class A multiple voting shares issued	-	-
Class A multiple voting shares outstanding, December 31, 2021	1,621,460	6,483,656
Class B Subordinate Voting Shares:		
Class B subordinate voting shares outstanding, January 1, 2021	1,156,738	4,625,394
Class B subordinate voting shares issued	-	-
Class B subordinate voting shares outstanding, December 31, 2021	1,156,738	4,625,394
	2,778,198	11,109,050

6. Related Party Transactions

CSOC has an operational services agreement with Canso Investment Counsel Ltd. ("Canso") that was originally entered into on August 1, 2018. The operational services agreement sets out that Canso will provide the day-to-day operational services to carry out the business affairs of CSOC. Under the terms of the agreement, there were no fees payable for services provided by Canso to CSOC for the first 24-month period and the term could be extended at 12-month periods as agreed to between the parties. On August 1, 2022, the parties agreed to extend the no fee arrangement for another 12-month term ending on July 31, 2023. There were no management fees charged for the year ended December 31, 2022 (December 31, 2021: $0). Included in accounts payable is $103,534 (2021 - $Nil) owing from Canso Fund Management Ltd., a company under common control.

Subsequent Event

On January 13, 2023, CSOC purchased 70,000 Class A common shares of Lysander Funds Limited from Canso Fund Management Ltd. ("**CFM**") by issuing to CFM 2,440,239 Class B subordinate voting shares of CSOC pursuant to a share purchase agreement dated October 17, 2022 (the "**Transaction**"). The consideration has an approximate value of $12.25 million. Following the Transaction, it is expected that CFM will hold approximately 68% of CSOC's outstanding Class B subordinate voting shares, which represents a voting position of 4.7%.

7. 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, 2022, CSOC reported a net (loss) income of ($804,472) (December 31, 2021: $2,376,970) or ($0.29) (December 31, 2021: $0.86) per CSOC Class A and B shares. This is primarily the result of ($1,289,015) (December 31, 2021: $2,611,603) net unrealized mark to market (loss) gain mainly on CSOC's and CSOF's equity holding of Aegis Brands Inc., Sunlife Financial Inc., Hertz Global Holdings Inc., Nordstar Capital LP X-Spectrum 1 Inc., Smooth Payment Inc. and Yellow Pages Limited.

As at December 31, 2022, CSOC's investment portfolio consists of equity and debt securities in 10 different issuers.

Description	Average Cost $	Fair Value $	% of Portfolio
Equities Held Long	**2,226,704**	**2,313,956**	**70.29%**
Bombardier Inc.	41,975	52,360	1.59%
Brill Power Limited	105,559	284,215	8.63%
Fibracast	800,000	840,000	25.52%
HashTag Paid Inc. Series A-5 Pref Share	132,837	382,909	11.63%
HashTag Paid Inc. Series B-4 Pref Share	66,330	64,704	1.97%
Nordstar Capital LP	5	37,483	1.14%
MDA Ltd.	879,998	402,285	12.22%
Our Home and Miniature Land Inc. Warrant	-	-	0.00%
Reformulary Group Inc.	200,000	250,000	7.59%
Smooth Payment Inc. May 12, 2031 Warrant	-	-	0.00%
Smooth Payment Inc. July 5, 2031 Warrant	-	-	0.00%
Fixed Income	**1,176,721**	**978,262**	**29.71%**
Canada 0.25% Feb 1, 2023	232,721	234,262	7.12%
Nordstar Capital LP	144,000	144,000	4.37%
Our Home and Miniature Land Inc.	400,000	400,000	12.15%
Smooth Payment Inc.	400,000	200,000	6.07%
CSOC's Investments at Fair Value through Profit or Loss	**3,403,425**	**3,292,218**	**100.00%**

7. Investments (Cont'd)

As at December 31, 2022, CSOF's investment portfolio consists of equity and debt securities in 20 different issuers. The portfolio also includes cash and cash equivalents.

Description	Average Cost $	Fair Value $	% of Portfolio
Cash & Cash Equivalents	**(88,025)**	**(89,494)**	**-0.93%**
Equities Held Long	**12,278,626**	**7,376,690**	**76.85%**
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	566,494	5.90%
Bird Construction Inc.	1,011,165	1,213,550	12.64%
Bombardier Inc.	337,302	463,459	4.82%
BZ Holdings Inc.	-	2	0.00%
Canadian Life Companies Split	78,572	84,588	0.88%
Flint Corp - Preferred (previously ClearStream Energy Services - Preferred)	729,400	486,002	5.07%
Credit Suisse Group AG	657,679	512,821	5.34%
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,012,939	210,897	2.20%
Hertz Global Holdings Inc.	424,452	502,555	5.23%
M Split Corp	838,474	529,067	5.51%
Manulife Financial Group	649,320	734,450	7.65%
Sun Life Financial Corp	483,261	369,923	3.86%
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	51,792	1	0.00%
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	133,723	7,368	0.08%
Yellow Pages Limited	1,469,611	1,695,513	17.67%
Fixed Income	**2,369,302**	**2,303,435**	**24.08%**
Latam Airlines Group	641,209	687,903	7.16%
Credit Suisse Group AG 144A	811,813	819,066	8.54%
Bank of Nova Scotia	623,000	605,598	6.31%
Air Canada	767,600	757,696	7.90%
AMC Entertainment	237,219	138,090	1.44%
Government of Canada	7,248	17,854	0.19%
US Treasury Note	(718,787)	(722,772)	-7.46%
Total	**14,559,903**	**9,590,631**	**100.00%**
Other Assets, Net of Liabilities		98,673	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		**9,689,304**	

8. 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.

8. Income Taxes (Cont'd)

The Company's (recovery) expense of income taxes for the years ended December 31, 2022 and 2021 are summarized as follows:

	December 31, 2022		December 31, 2021	
	$	**%**	$	%
Net (loss) income before income taxes	**(959,378)**	**100.0%**	2,701,950	100.0%
Expected taxes (recoverable) expense at future rates - 26.5%	**(254,235)**	**26.5%**	716,017	26.5%
Income tax effect of the following:				
Non-taxable income	**(813)**	**0.1%**	(509)	(0.0%)
Return to provision adjustments	**162**	**(0.0%)**	(10,656)	(0.4%)
Non-taxable portion of realized capital gain	**(59,108)**	**6%**	(28,680)	(1.1%)
Non-taxable portion of unrealized capital loss (gain)	**159,088**	**(16.6%)**	(351,192)	(13.0%)
	(154,906)	**16.1%**	324,980	12.0%

The income tax recovery is represented as follows:

	December 31, 2022	December 31, 2021
	$	**$**
Deferred tax (recovery) expense	**(154,906)**	324,980

As at December 31, 2022, CSOC had a deferred tax asset of $426,062 (2021: $269,010) 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, 2022	December 31, 2021
	$	**$**
Intangible Property	**8,845**	9,311
Non-Capital Losses	**106,511**	110,227
Realized Capital Losses	**56,599**	56,599
Unrealized Losses	**251,961**	92,873
	423,916	269,010

CSOC has non-capital losses of $401,927 (2021: $415,952) available to offset future taxable income, and if not utilized, will expire as follows:

	$
2038	72,863
2039	72,246
2040	196,881
2041	59,937
	401,927

CSOC also has realized capital losses of $427,165 (2021: $427,165) which can be applied against future capital gains that do not have an expiry date.

9. Fair Value Hierarchy

The following fair value hierarchy table presents information about CSOC's and CSOF's assets and liabilities measured at fair value, as described in Note 2, as at December 31, 2022 and 2021. During the year ended December 31, 2022, there were no transfers between levels (December 31, 2021: nil).

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Fixed Income held in CSOF	**$ -**	**$ 3,008,353**	**$ -**	**$ 3,008,353**
Equities held in CSOF	**6,883,319**	**-**	**493,371**	**7,376,690**
Fixed Income held in CSOC	**234,262**	**-**	**744,000**	**978,262**
Equities held in CSOC	**454,645**	**-**	**1,859,311**	**2,313,956**
Total	**$ 7,572,226**	**$ 3,008,353**	**$ 3,096,682**	**$ 13,677,261**

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Fixed income held in CSOF	**$ (704,918)**	**$ -**	**$ -**	**$ (704,918)**
Total	**$ (704,918)**	**$ -**	**$ -**	**$ (704,918)**

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income held in CSOF	$ -	$ -	$ -	$ -
Equities held in CSOF	9,441,885	-	640,624	10,082,509
Fixed Income held in CSOC	-	-	944,000	944,000
Equities held in CSOC	910,245	-	1,792,303	2,702,548
Total	$ 10,352,130	$ -	$ 3,376,927	$ 13,729,057

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income held in CSOF	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

	December 31, 2022	December 31, 2021
Level 3 Reconciliation		
Balance, beginning of year	**$ 3,376,927**	$ 2,247,455
Purchases - held in CSOC	**66,330**	1,600,000
Sales - CSOC	**-**	(800,000)
Sales - CSOF	**-**	(60,214)
Realized losses, net - CSOF	**-**	(493,483)
Change in unrealized (depreciation) appreciation- CSOF	**(147,253)**	454,761
Change in unrealized (depreciation) appreciation - held in CSOC	**(199,322)**	428,408
Balance, end of year	**$ 3,096,682**	$ 3,376,927

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 following section provides information regarding select Level 3 securities. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

9. Fair Value Hierarchy (Cont'd)

Brill Power Limited Class A
Price: £5.74
Valuation technique: The private placement financing technique
Unobservable inputs: CSOC values Brill using the private placement financing technique, whereby pertinent details of a private market 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. On June 28, 2022, Brill completed a 100:1 stock split and also raised approximately £8.6 mln via a sale of Series A1 and A2 shares at a price of £7.15 per shares. Because the new A1 and A2 shares have a 1.25x liquidation preference, it was deemed that the Class A shares we hold should be marked at an appropriate discount of approximately 20%.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of £1.72, or an increase or decrease in net assets of $85,264.50.

Fibracast
Price: $1.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $0.30, or an increase or decrease in net assets of $252,000.

HashTag Paid Inc. Series A-5 Pref Share
Price: $0.61
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $0.18, or an increase or decrease in the security price of $0.30, or an increase or decrease in net assets of $114,872.70.

HashTag Paid Inc. Series B-4 Pref Share
Price: $0.61
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $0.18, or an increase or decrease in net assets of $19,411.20.

Nordstar Capital LP
Price: $7.67
Valuation Technique: Internally developed model
Unobservable Inputs: The primary unobservable inputs for this security include NordStar's ownership in VerticalScope Holdings Inc., and NordStar's outstanding units as well as a public market price of VerticalScope Holdings Inc.
Change in input values: A reasonably possible change to the value of VerticalScope Holdings Inc. could result in an increase or decrease of 50%, or an increase or decrease in the security price of $3.83, or an increase or decrease in net assets of $18,741.50.

Nordstar Capital LP 10% Aug 5, 2025
Price: $100.00
Valuation Technique: Cost
Unobservable Inputs: The primary unobservable input for this security is the last price that we paid.
Change in input values: A reasonably possible change in the price of the security could result in an increase or decrease of 30% or an increase or decrease in the security price of $30, or an increase or decrease in net assets of $43,200.

9. Fair Value Hierarchy (Cont'd)

Our Home and Miniature Land Inc. 10% Jan 27, 2026
Price: $100.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to value of the next private placement financing could result in an increase or decrease of 30% or an increase or decrease in the security price of $30, or an increase or decrease in net assets of $120,000.

Our Home and Miniature Land Inc. Warrant
Price: $0.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities. On January 27, 2021 Our Home and Miniature Land issued warrants exercisable at $2.50 per share, which is the same subscription price as the last financing of the company giving a fair value on the warrants of $0.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $0, or an increase or decrease in net assets of $0.

Reformulary Group Inc.
Price: $1.25
Valuation technique: The private placement financing technique
Unobservable inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $0.375, or an increase or decrease in net assets of $75,000.

Smooth Payment Inc. 8.0% Nov 30, 2024
Price: $50.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase of 100% or a decrease of 100%, or an increase or decrease in net assets of $200,000. The lower limit in value is due to the difficult financing environment for early stage companies. Inability to raise capital in the next 3-6 months could result in further impairment of this investment. Conversely, ability to raise equity capital in the next 3-6 months, at a valuation or near the previous equity raise, would result in a revaluation of this investment back to par.

Smooth Payment Inc. May 12, 2031 Warrants
Price: $0.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The company has significant debt outstanding, including about $2 million in senior secured debt and $10 million in convertible notes. There is significant debt ahead of the equity supporting a $0 value. Given market conditions for early stage financing, we believe it will be difficult for the company to raise funding.
Change in input values: N/A

Smooth Payment Inc. July 5, 2031 Warrants
Price: $0.00
Valuation Technique: The private placement financing technique
Unobservable Inputs: The company has significant debt outstanding, including about $2 million in senior secured debt and $10 million in convertible notes. There is significant debt ahead of the equity supporting a $0 value. Given market conditions for early stage financing, we believe it will be difficult for the company to raise funding.
Change in input values: N/A

9. Fair Value Hierarchy (Cont'd)

Flint Corp. Series 1 Preferred Share
Price: $666.67
Valuation Technique: Relative Value
Unobservable Inputs: Clearstream Senior Secured Bond Price (from third party). FLINT Corp, the holding company of ClearStream.
Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of $200, or an increase or decrease in net assets of $145,800.60.

X-Spectrum 2 Inc.
Price: $0.00
Valuation Technique: Relative value technique
Unobservable Inputs: Company is being wound up and with all assets being liquidated. The liquidation value is likely to be zero as we believe that the liquidation value of assets will likely be less than the amount of liabilities. The primary unobservable input is the liquidation value of assets.
Change in input values: We believe it is highly unlikely that the salvage value of assets will exceed the company's liabilities and therefore believe the possibility of any recovery on this security is remote.

X-Spectrum 1 Inc.
Price: $0.27
Valuation Technique: Relative value technique
Unobservable Inputs: The investment is recorded at the original valuation (which represents cost) confirmed by Xplornet for the securities. The Fund uses the most recent unaudited financial statements provided by the underlying investee company to ascertain if the valuation is still appropriate.
Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of $0.11, or an increase or decrease in net assets of $2,947.36.

10. 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, 2022, 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, 2022, the only credit risks are coming from CSOC's investment in CSOF and in 4 different issuers.

CSOF had invested long (short) in debt instruments with the following credit ratings:

As a % of CSOF's net assets	**December 31, 2022**		December 31, 2021	
Credit Exposure	**$**	**%**	**$**	**%**
AAA	**(704,918)**	**-7.3%**	-	0.0%
B	**687,903**	**7.1%**	-	0.0%
BB-	**757,696**	**7.8%**	-	0.0%
BBB-	**1,424,664**	**14.7%**	-	0.0%
CCC+	**138,090**	**1.4%**	-	0.0%
Not Rated	**-**	**0.0%**	-	0.0%

10. Risk Management (Cont'd)

Credit Risk (Cont'd)

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

As a % of CSOC's net assets	December 31, 2022		December 31, 2021	
Credit Exposure	**$**	**%**	$	%
AAA	**234,262**	**7.1%**	-	0.0%
Not Rated	**744,000**	**22.6%**	1,006,694	27.6%

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.

The following table presents CSOF's liabilities according to their maturity date as at December 31, 2022:

	Less than a month	1-3 months	3 months - 1 Year	> 1 year
Liquidity Risk				
Equity securities sold short	$ -	$ -	$ -	$ -
Fixed income securities sold short	-	-	-	730,814
Other Accrued Expenses	-	24,454	-	-

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, 2022, 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, 2022:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed Income securities	$ 62,801	$ 1,251,149	$ 989,484	$ 2,303,435

The table below summarizes CSOC's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2022:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed Income securities	$ 234,262	$ 744,000	-	$ 978,262

Market Risk
If interest rates had increased or decreased by 1% at December 31, 2021 with all other variables remaining constant, net assets of the interest-bearing financial instruments of CSOF would have decreased or increased by approximately $63,851 (2021 - $0); net assets of the interest-bearing financial instruments of CSOC would have decreased or increased by approximately $18,567 (2021 - $19,597). 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, 2022, the currency risk is coming from CSOC's investment in CSOF and its other investments.

10. Risk Management (Cont'd)

Currency Risk (Cont'd)

The table below summarizes CSOF's net exposure to currency risk as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Currency Exposure		
USD	**21%**	18%

The table below summarizes CSOC's net exposure to currency risk as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Currency Exposure		
USD	**14%**	10%
GBP	**9%**	3%

As at December 31, 2022, 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 0.21% (2021 – 0.18%) and CSOC's net assets may have decreased or increased by 0.23% (2021 – 0.13%). 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, 2022, the price risk is coming from CSOC's investment in CSOF and its other investments, as approximately 76% of CSOF's net assets were invested in equity investments and 70% of CSOC's net assets were invested in equity instruments. 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 $368,835 (2021 - $504,125); CSOC's net assets would have increased or decreased, by approximately $115,698 (2021 - $135,127). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

11. Contingency
On August 18, 2021, the Company was notified of a potential lawsuit on a complaint related to the sale of BZ Holdings Inc., whereby the Company is named as a preferred shareholder. The Company has not been served by the plaintiffs with any official documentation regarding the anticipated lawsuit by mail or any other approved means. The case does appear on the California court's electronic docket so there is an accessible public record indicating that the lawsuit has been filed. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. At this stage, management does not believe that the impact, if any, on the Company's financial statements can reasonably be estimated at this time.

12. Approval of financial statements
The financial statements were approved by the Board of Directors and authorized for issue on March 24, 2023.