Canso Select Opportunities Corporation

2023 ANNUAL REPORT

Corporate Information

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LEGAL COUNSEL:
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DIRECTORS, OFFICERS & COMMITTEE MEMBERS OF THE CORPORATION:

Joe Morin
President, CEO & CIO
Investment Committee member

Heather Mason-Wood
Chair, Director
Investment Committee member

Shirley Sumsion
Director, Chief Financial Officer
Investment and Audit Committee member

Neda Bizzotto
Director, Vice President & Corporate Secretary

John Carswell
Director & Investment Committee member

Peggy Dowdall-Logie
Director

Thomas Fernandes
Director & Audit Committee member

Stephen Klubi
Director & Audit Committee member

Tony MacDougall
Director & Audit Committee member

Brenda Burns
Director & Audit Committee member

Canso Select Opportunities Corporation Class A Multiple Voting Shares and Class B Subordinate Voting Shares are listed for trading on the TSX Venture Exchange.

Ticker Symbols:
CSOC.A (Class A Multiple Voting Shares)
CSOC.B (Class B Subordinate Voting Shares)

Website: www.selectopportunitiescorporation.com

Canso Select Opportunities Corporation

March 26, 2024

CSOC Shareholders…

It is my pleasure to provide you with the 2023 Annual Report of Canso Select Opportunities Corporation.

The acquisition of a minority stake in Lysander Funds Limited ("Lysander") was a transformative transaction for the Company during the year. The investment represented almost 53% of the invested assets of the corporation at year-end. Lysander provides CSOC with a stable level of dividends to support operations and reinvestment in the portfolio, as well as exposure to a rapidly growing asset management firm. The medium-term outlook for the investment in Lysander is very positive.

At CSOC, we continue to focus on the execution of our objective, creating long-term value for CSOC's shareholders. Consistent with this mission, the Corporation's Investment Committee evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on the valuation of new investment opportunities and the availability of capital generated from the realization of proceeds from existing portfolio investments. We believe there are always attractive opportunities irrespective of market conditions, and individual security selection remains paramount to the long-term success of the company.

Taking a look back at markets for the year, government bonds were highly volatile in 2023 as investors grappled with persistently higher than anticipated inflation. Expectations for rate cuts were continuously pushed out throughout the year. Risk assets had a very strong fourth quarter as it became apparent that inflation was finally coming under control. North American bond markets which were up only marginally through the first three quarters of 2023, all ended the year with high single-digit returns. A strong fourth quarter propelled equity markets higher as well with all major North American equity indices up double-digits.

It is all but certain that central banks will begin cutting interests rates in 2024 which would propel government bonds prices higher, however, we remain wary of riskier assets such as high-yield bonds and equities moving into over-valued territory. Geo-political risks associated with the Ukraine war and the Israel-Hamas conflict appear to be relatively contained at the moment, but the risk of spill-over into regional conflicts remains a concern for global security, and by extension, for global markets.

I would like to thank the Officers and Directors of CSOC for their efforts on behalf of CSOC and CSOC shareholders this past year. I would also like to thank shareholders for their continued support of CSOC's management team.

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I believe that in the months and years to come the marketplace will come to value CSOC's shares commensurate with the value and potential value of CSOC's investment holdings. Importantly, Officers and Directors of CSOC, through direct and indirect holdings, comprise the most significant shareholder group of CSOC, thus aligning their interests with all shareholders.

I thank all of you for your interest in, and support of, Canso Select Opportunities Corporation.

Sincerely,

(signed) "Joe Morin"

Joe Morin
President and CEO

Forward-Looking Statements

Certain information contained in this Annual Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of CSOC, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. For important information regarding forward- looking statements, please refer to CSOC's most recently filed MD&A under the heading "Forward-Looking Statements".

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Canso Select Opportunities Corporation

Annual Management's Discussion and Analysis
For the Year Ended December 31, 2023

Management's Discussion and Analysis ("MD&A") provides a review of Canso Select Opportunities Corporation's ("CSOC" or the "Corporation") audited financial results for the years ended December 31, 2023 and December 31, 2022 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the statements of financial position, statements of comprehensive income (loss), statements of changes in equity, and statements of cash flows of CSOC. As such, this MD&A should be read in conjunction with the audited financial statements and notes thereto. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about CSOC.

The following MD&A is the responsibility of management and is dated March 26, 2024. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

Business of the Corporation

CSOC is an Ontario-based investment holding company. CSOC's investment objective is to provide long term capital growth to its shareholders. We believe the core holding in Lysander Funds Ltd. together with a portfolio of public and private investments will generate returns that will exceed average market returns in the long term**.** Consistent with these objectives, the Corporation 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. The investment portfolio consists of public and private equity and debt investments primarily in North America, however, there is no geographic constraint on the investment portfolio.

Investment Performance in 2023

The CSOC Class A Multiple Voting Shares and the CSOC Class B Subordinate Voting Shares increased in value by 10.4% in 2023 to $5.41 per share. The key driver to positive performance in 2023 was the increase in value of Lysander Funds Class A common shares, which were up by 20% during the year from $175 per share to $210 per share. In addition to the capital appreciation, the Corporation received $525,000 in dividends from Lysander corporation during the year and another $175,000 in January 2024.

Recent Developments

Acquisition of Lysander Shares

On January 13, 2023, CSOC announced the acquisition of 70,000 Class A common shares of Lysander at a purchase price of $175 per share for total consideration of $12.25 million. The Corporation issued 2,440,239 Class B subordinate voting shares as consideration for the Lysander shares purchased. An independent committee of the board had previously engaged Blair Franklin to provide an independent valuation of the Lysander shares.

In late 2023, CSOC engaged Blair Franklin to obtain an updated independent third-party valuation of the Lysander shares. As at December 31, 2023, Blair Franklin valued the shares at $210, an increase of 20% from the initial purchase price for the shares.

In addition to the capital appreciation, CSOC received $525,000 in dividends from Lysander in 2023 and another $175,000 in January 2024.

The Class A common shares held in Lysander Funds Ltd. ("Lysander") will remain a core holding of the Corporation for the foreseeable future and are expected to generate an important source of capital appreciation and dividend income for CSOC in the long term.

Market Performance

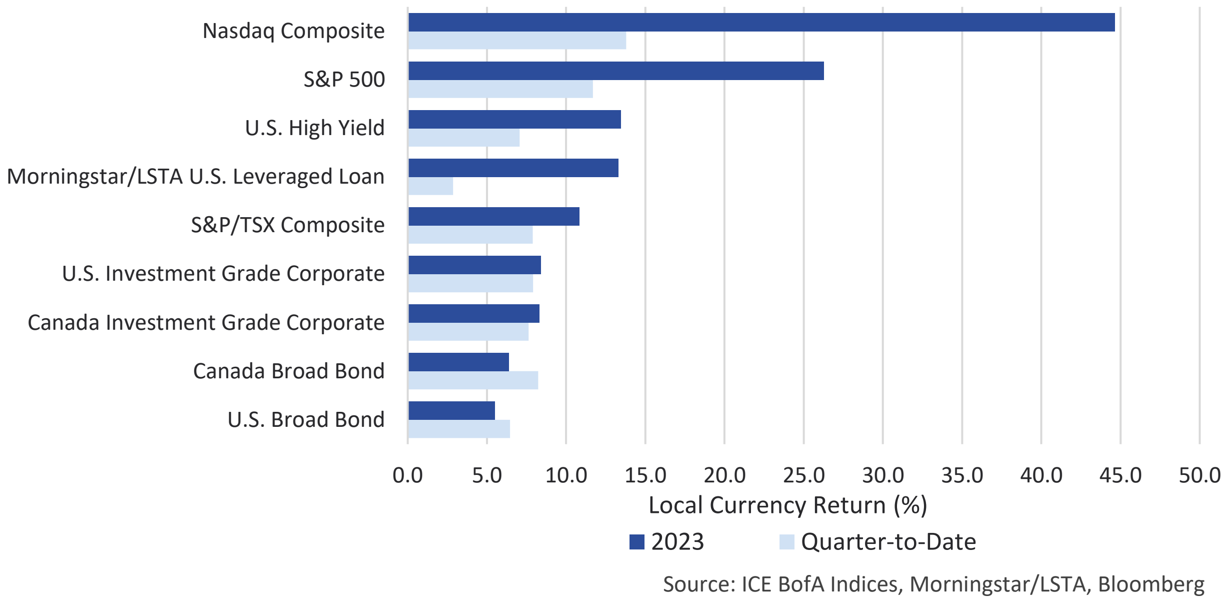
The U.S. Federal Reserve's about-face on interest rates in the fourth quarter fueled a rally in almost every asset class, from speculative technology shares to junk bonds. The Treasury market posted its first annual gain since 2020 as slowing inflation bolstered views that the Fed's campaign of interest rate increases is likely over. The Fed acknowledged that economic activity had slowed, and job gains moderated. The Fed also sketched out a potential path towards rate cuts.

The Bank of Canada's language on interest rates has turned more Dovish recently but they remain concerned with inflationary pressures that are broad-based and with a still over-valued housing market. Although GDP stalled in Canada in the third quarter, investors have been puzzled by the failure of a widely anticipated recession to materialize. The labour market is easing, and job creation has slowed. Wages are still rising at an elevated rate despite a modest increase in the unemployment rate. The substantial immigration into Canada post-pandemic has also buffeted the economy from downward pressures.

The strong fourth quarter capped off a comeback year in 2023. Risk assets bounced back from disappointing 2022 results, with the Nasdaq Composite rising 45% in 2023 after falling 33% the previous year. Strong performance of risk assets extended to the below investment grade universe as well. The U.S. High Yield Index and U.S. Leveraged Loan Index were both higher by 13% on the year as credit spreads tightened and corporate defaults remained low.

Investment Grade indices also rose as falling government rates and tightening credit spreads pushed returns higher into year end. The Canadian Investment Grade Index was up 8.3% on the year, boosted by the 7.6% return in the final quarter. The U.S. Investment Grade Index rose a comparable 8.4% over the year. As a reminder, these two markets were down 10.1% and 15.4%, respectively, in 2022.

Table 1: Major Benchmark Returns 2023



Outlook

Markets continue to rally into the first quarter on expectations for further rate cuts in the U.S. and Canada. The market is currently forecasting six quarter-point rate cuts throughout 2024, and the FED is now clearly signalling that interest rate cuts are forthcoming. However, we note that recent reports show inflation remains above central bank targets in both Canada and the U.S. and we therefore expect the pace of cuts to be slower than the market is forecasting.

We enter 2024 wary that bond and equity markets could turn quickly from being fairly valued to being overvalued and will look to take profits where appropriate. Credit spreads on bonds narrowed in 2023 back to long-term averages, but we see some frothiness, particularly in certain high-yield names. Similarly on the equity side, much of the return in 2023 was due to multiple expansion and exuberance in high-tech names.

We will continue to focus on the long-term prospects for income and capital appreciation for the investments in the portfolio. We believe there are always attractive opportunities irrespective of market conditions, and individual security selection remains paramount to the long-term success of the company. We are invested in companies that we believe will outperform the market in the long-term and will ignore short term equity and bond price volatility.

Overall Performance

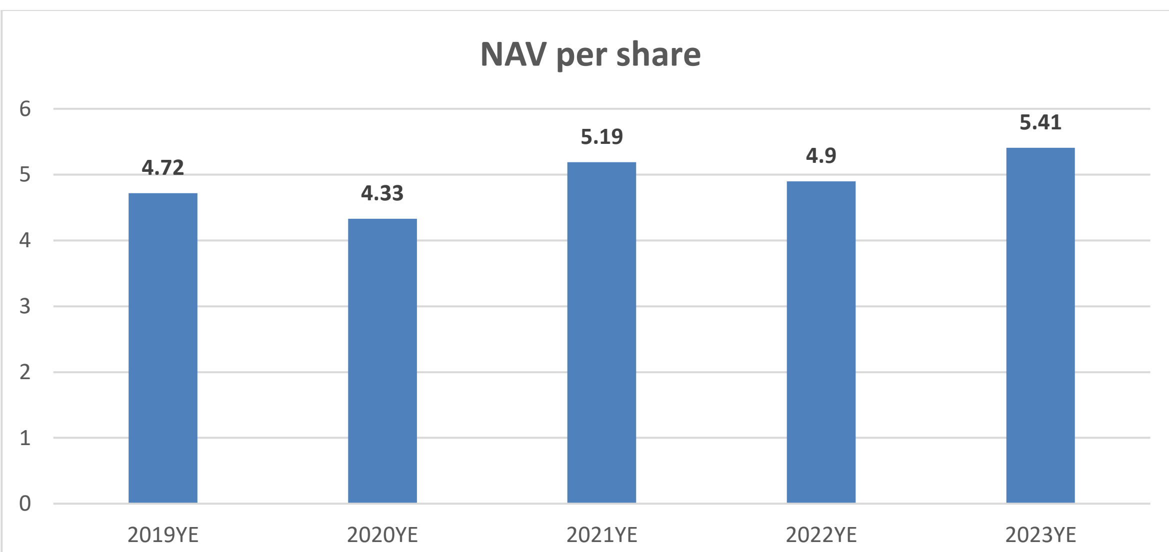
The Corporation's ability to generate income and to pay dividends depends on the performance of the holdings in its portfolio. Each fixed income and equity investment in the portfolio is unique. Portfolio companies vary from early-stage start-up enterprises to private companies in more advanced stages of development, to publicly traded companies operating in mature industries.

Investments in corporate bonds and preferred shares are based on relative value analysis of the security compared with other securities available in the market. CSOC will invest in corporate bonds and preferred shares where the yield spread above the relevant government benchmark is attractive given the relative risk of the investment.

The performance of equity securities in the investment portfolio depends on a variety of factors, which include but are not limited to, economic conditions, interest rates and investor confidence as indicated by equity market performance. In addition, for private equity investments factors such as access to capital and improving performance are key factors to long-term success.

Specific Factors

For the year ended December 31, 2023, CSOC shareholders' equity increased by $14,633,170 ($0.51 gain per Class A or B share) versus a net decrease in 2022 of $804,472 ($0.29 loss per Class A or B share). The increase in value per share was 10.4% for the Class A and the Class B shares on the year, as compared with a loss of 5.6% in 2022. While the portfolio does not have a specific benchmark against which its performance is measured, it outperformed the Canadian corporate bond index and performed roughly in line with the S&P/TSX Composite index which was up 10.8% in the year.



Management is pleased with the performance of the portfolio in the past two years, having performed in line with the main Canadian equity benchmark in 2023 and outperforming all major indices in 2022. We believe the portfolio is well positioned to generate attractive investment returns in 2024 and beyond.

Summary of Investment Portfolio

Investment Activity in 2023

The acquisition of Lysander shares in January 2023 was transformative for CSOC. In 2023 Lysander provided CSOC with significant dividends and also accounted for the bulk of the growth in net asset value per share for the year. In the first quarter we purchased shares of Cineplex, and purchased two private securities in the quarter, a US$350,000 convertible note for AdHawk Microsystems and $50,000 in common shares in Portfolio HiWay.

In second quarter 2023 we sold the Air Canada senior secured bond to buy a Bank of Nova Scotia 3.7% alternative tier one note that was trading at a material discount to par.

During the third quarter we sold approximately 1/3rd of our holdings in Bird Construction in order to further diversify the portfolio. At quarter end we continued to maintain a large weight in Bird at 5.1% of the portfolio.

We established a new position in Enbridge Inc. in September with a weight of about 1.5% of the portfolio. We believe Enbridge is well positioned for long-term business stability and revenue and cash flow growth. We view positively the recently announced acquisition of assets from Dominion Energy as well as an attractive dividend yield of about 7.5%.

In fourth quarter we purchased small weights in Air Canada stock, as well as bonds in Corus Entertainment, American Airlines and Spirit Aerosystems. In addition, we purchased convertible notes of Horizon Aircraft which completed a reverse take-over on the NASDAQ in first quarter 2024. The company was renamed New Horizon and trades under the ticker HOVR.

Investment Performance in 2023

The acquisition of Lysander shares in January 2023 was the major contributor to the overall positive performance for the portfolio during the year. The shares were up 20% and in addition CSOC received $525,000 in dividends from Lysander during the year and another $175,000 in January 2024.

Other material positive contributors to performance where the shares held in Bird Construction, MDA Ltd. and Manulife, whose share prices were up 177%, 80% and 21%., respectively. Detractors to performance where the public shares held in Aegis, Hertz and Yellow Media which were down 45%, 34%, and 37% respectively. We also lowered our valuation on private investments Brill Power and Fibracast during the year. We revised the price lower on Brill due to a change in pricing methodology. Fibracast raised new capital during the year at a much lower valuation which caused the drop in value of that security.

Detailed Investment Portfolio

CSOC's corporate structure provides a permanent capital base allowing the realization of value from its existing portfolio over time. We have modified the discussion around the portfolio to provide more granular detail around our public and private investments to give investors a better sense of the opportunities and risks in the portfolio. We begin with a review of the private investments which form the largest portion of the portfolio followed by a discussion of public equity and fixed income investments.

The table below summarizes CSOC's investments into Private and Marketable securities. A full list of securities held is listed in the subsequent table.

December 31, 2023

Description	Average Cost $	Fair Value $	% of Portfolio
Cash and Marketable Securities	**$ 477,941**	**$ 477,631**	**1.7%**
Private Investments			
Common Equity Held Long	$ 13,578,219	$ 15,620,164	56.2%
Private Fixed Income	$ 1,766,585	$ 1,561,510	5.6%
Private Preferred Shares	$ 928,567	$ 748,333	2.7%
Total Private Investments	**$ 16,273,371**	**$ 17,930,007**	**64.6%**
Marketable Investments			
Marketable Fixed Income	$ 2,638,951	$ 2,700,823	9.7%
Fixed Income Held Short	$ (1,263,290)	$ (1,258,506)	(4.5%)
Common Equity Held Long	$ 10,613,399	$ 6,408,462	23.1%
Preferred Shares	$ 1,779,584	$ 1,515,300	5.5%
Total Marketable Investments	**$ 13,768,644**	**$ 9,366,079**	**33.7%**
Total Marketable and Private Assets	$ 30,519,956	$ 27,773,717	100.0%
Other Assets, Net of Liabilities		$ 59,415	
CSOC's Investments at Fair Value		**$ 27,833,132**	

Private Equity Investments

Private equity investments represented 56.2% of the portfolio at December 31, 2023, with Lysander being the largest single investment in the portfolio at about 52.9%.

CSOC obtained an independent third-party valuation on Lysander shares and will do so on an annual basis in future. We also intend to provide investors with a quarterly estimate of the per share value of Lysander. A formal valuation was completed by Blair Franklin Capital Partners dated December 31, which pegged the value per share at $210, an increase of 20% from the price paid for the shares at acquisition.

Lysander has performed very well since the acquisition of shares in January 2023. Total assets under management (AUM) at Lysander at year end were approaching $15 billion and AUM growth in 2023 was 38%. Revenues, cash flow and net income have all grown in excess of 20% as well.

In addition to the capital appreciation on the Lysander shares, the current annualized dividend is $10.00 per share or the equivalent of $700,000 in expected dividends per annum.

Lysander is a multi-asset manager which provides an attractive addition to the CSOC portfolio. The purpose of the transaction was to diversify the company's portfolio of investments and to increase its cash flows by way of consistent dividends. The primary growth in Lysander funds over the past ten years has come from its partner portfolio manager, Canso Investment Counsel Ltd..

Further information on the transaction, the background and approval process can be found in CSOC's Notice of Meeting and Management Information Circular dated November 30, 2022 available on SEDAR+ and at www.selectopportunitiescorporation.com.

We added one new small private equity investment to the portfolio in 2023. We purchased $50,000 in common shares of related-party Portfolio HiWay Inc. The value of the shares at the end of the year was $62,500.

There were three other changes to private equity valuations during the year. We lowered the price on the Brill Power from GBP5.74 to GBP4.15 based on a change in pricing methodology to an option pricing model (OPM). We have determined that an OPM pricing methodology is more appropriate for investments where there are multiple classes of equity securities. This had an overall negative affect on the portfolio of about 30 basis points. For the same reason, we also used the OPM for the pricing of the securities held in Hashtag Paid, which resulted in a very marginal change in valuation. We also revalued shares of Fibracast lower in the year. In third quarter 2023 Fibracast raised new preferred shares in a private placement at a price of $0.45 per share and we therefore lowered the price from $0.74/share to $0.45 per share, or a decline of 39%. This resulted in an overall negative impact on the net assets of CSOC of about 90 basis points in the year.

Private Fixed Income Investments

At December 31, 2023, private fixed income investments represented 5.6% of CSOC's invested assets. In third quarter we purchased a 1.8% portfolio weight in convertible notes of Horizon Aircraft. Horizon is developing an electric vertical take off and landing aircraft which will have multiple applications once fully developed and certified. The company completed a reverse takeover in January 2024 and is now listed on the NASDAQ as New Horizon Aircraft under the ticker HOVR. There were no changes in the valuations of other private fixed income investments during the year.

Private Preferred Share Investments

At December 31, 2023, private preferred share investments represented 2.7% of CSOC's net assets. We lowered the price on the preferred shares of both Flint and Hashtag Paid in the fourth quarter, but overall they both had only a marginal negative impact on the portfolio.

Marketable Equity Investments

At December 31, 2023, public equity investments represented 23.1% of the portfolio, with the largest holdings in Bird Construction (5.2%), Manulife (3.4%), Yellow Pages (3.9%), MDA Ltd. (2.6%), and Cineplex (2.2%).

Positive performance was driven by unrealized gains in the share prices of Bird Construction (up 171% in the year). Manulife and MDA were also up 21% and 80% respectively during the year, whereas Yellow Pages was down 37% during the year. For the second year in a row Yellow completed a pro rata share buyback of outstanding shares reducing our holdings by about 25%. Cineplex was a new position added during the year and was relatively unchanged at year end. Other smaller holdings had an immaterial affect on the portfolio.

Marketable Fixed Income Investments

At December 31, 2023, marketable fixed income investments (net of government securities shorted) represented 5.2% of CSOC's invested assets. Several bonds performed well in the year with notable increases in LATAM airlines (up 12% in the year), AMC Entertainment (up 25%) and Corus (up 5.8%). The Air Canada convertible bond was down 8% in the year. Overall public bond positions made a modest positive contribution to performance.

Marketable Preferred Share Investments

At December 31, 2023, marketable preferred share investments represented 5.5% of CSOC's invested assets. The market value of investments at $1.5 million was relatively unchanged from December 31, 2022.

Detailed Investment Portfolio

December 31, 2023

Description		Average Cost $		Fair Value $	% of Portfolio
Marketable Investments					
Cash and Cash Equivalents	**$**	**477,941**	**$**	**477,631**	**1.7%**
Fixed Income Held Long	**$**	**2,638,951**	**$**	**2,700,823**	**9.7%**
Air Canada convertible	$	207,684	$	182,134	0.7%
American Airlines	$	352,861	$	358,026	1.3%
AMC Entertainment Holdings	$	237,219	$	171,493	0.6%
Bank of Nova Scotia	$	563,450	$	573,317	2.1%
Corus Entertainment	$	246,000	$	260,333	0.9%
Latam Airlines Group	$	641,209	$	752,369	2.7%
Spirit Aerosystems	$	390,528	$	403,151	1.5%
Fixed Income Held Short	**$**	**(1,263,290)**	**$**	**(1,258,506)**	**-4.5%**
Government of Canada	$	(514,437)	$	(511,601)	-1.8%
US Treasury Note	$	(748,853)	$	(746,905)	-2.7%
Common Equity Held Long	**$**	**10,613,399**	**$**	**6,408,462**	**23.1%**
Aegis Brands Inc. (previously Second Cup Ltd.)	$	3,400,936	$	310,658	1.1%
Air Canada	$	191,516	$	214,934	0.8%
Bird Construction Inc.	$	672,874	$	1,432,109	5.2%
Cineplex Inc	$	618,090	$	610,173	2.2%
Enbridge Inc	$	384,298	$	386,370	1.4%
Flint Corp (previously ClearStream Energy SVCS Inc.)	$	2,012,939	$	131,811	0.5%
Hertz Global Holdings Inc.	$	424,452	$	330,180	1.2%
Manulife Financial Group	$	694,689	$	941,536	3.4%
MDA Ltd.	$	879,998	$	724,113	2.6%
NorthStar Gaming Holdings Inc (Escrow)	$	3,041	$	243	0.0%
NorthStar Gaming Holdings Inc	$	5,514	$	496	0.0%
VerticalScope Holdings Inc	$	54,397	$	31,122	0.1%
Yellow Pages Limited	$	1,119,866	$	1,069,083	3.9%
UBS Group AG (previously Credit Suisse Group AG)	$	150,789	$	225,634	0.8%
Preferred Shares	**$**	**1,779,584**	**$**	**1,515,300**	**5.5%**
Bombardier Inc.	$	379,277	$	496,129	1.8%
Canadian Life Companies Split	$	78,572	$	85,932	0.3%
M-Split Corp	$	838,474	$	507,454	1.8%
Sun Life Financial Corp	$	483,261	$	425,785	1.5%
Total Marketable Investments	**$**	**13,768,644**	**$**	**9,366,079**	**35.4%**
Private Investments					
Common Equity Held Long	**$**	**13,578,219**	**$**	**15,620,164**	**56.3%**
Brill Power Limited	$	105,559	$	211,577	0.8%
Fibracast	$	800,000	$	377,580	1.4%
Lysander Funds Limited	$	12,250,000	$	14,700,000	52.9%
Our Home and Miniature Land Inc. Warrant	$	-	$	-	0.0%
Smooth Payment Inc. July 5, 2031 Warrant	$	-	$	-	0.0%
Smooth Payment Inc. May 12, 2031 Warrant	$	-	$	-	0.0%
TC Fund I LP	$	12,541	$	12,537	0.1%
Portfolio HiWay Inc.	$	50,000	$	62,500	0.2%
Reformulary Group Inc.	$	200,000	$	250,000	0.9%
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	$	108,327	$	5,969	0.0%
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	$	51,792	$	1	0.0%
Fixed Income Held Long	**$**	**1,766,585**	**$**	**1,561,510**	**5.6%**
AdHawk Microsystems Inc	$	466,585	$	461,510	1.7%
Horizon Aircraft	$	500,000	$	500,000	1.8%
Our Home and Miniature Land Inc.	$	400,000	$	400,000	1.4%
Smooth Payment Inc.	$	400,000	$	200,000	0.7%
Preferred Shares	**$**	**928,567**	**$**	**748,333**	**2.7%**
BZ Holdings Inc.	$	-	$	2	0.0%
Flint Corp - Preferred (previously ClearStream Energy Services - Preferred)	$	729,400	$	377,571	1.4%
HashTag Paid Inc.	$	199,167	$	370,760	1.3%
Total Private Investments	**$**	**16,273,371**	**$**	**17,930,007**	**64.6%**
Total Marketable and Private Assets	$	30,519,956	$	27,773,717	100.0%
Other Assets, Net of Liabilities			$	59,415	
CSOC's Investments at Fair Value			**$**	**27,833,132**	

Selected Annual Information

The following table shows selected annual information about CSOC for the two most recently completed financial years of the Corporation:

Description	2023 (CAD$)	2022 (CAD$)
Total Revenue (Loss)	3,126,632	(721,274)
Net Income (Loss)		
Total	2,383,170	(804,472)
Per Share (Class A and B)	0.46	(0.29)
Diluted Per Share (Class A and B)	0.46	(0.29)
Total Assets	28,360,871	13,784,659
Equity per Class A Share	5.41	4.90
Equity per Class B Share	5.41	4.90

During the year ended December 31, 2023, CSOC reported net income of $2,383,170 or 0.46 per Class A or B share versus a 2022 loss of $804,472 (($0.29) per Class A or B share). In 2023, total assets increased by approximately 106% and equity per share increased by approximately 10.4% for Class A or B shares.

Discussion of Operations

See “Investment Strategy and Activity” above.

CSOC Tax Status

On September 4, 2018, Canso Select Opportunities Fund (the “Fund”) completed a plan of arrangement (the “Arrangement”) with the Corporation whereby the Corporation issued Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC in exchange for the outstanding units of the Fund and the Fund became a wholly-owned investment of CSOC.

The Fund has a pool of tax loss carry forwards that can be utilized to shelter gains of the Fund so long as the trust continues to be maintained and certain other conditions are met. If the Fund were to be wound-up into CSOC at a time when it had losses, such losses would expire unutilized. Consequently, the current intention is to maintain the continued existence of the Fund until such time as all or substantially all of the losses of the Fund are utilized, or so long as the benefits associated with maintaining and utilizing such losses (e.g. current and potential cash tax savings) outweighs the cost of maintaining the Fund. As the holding period for many of these investments of the Fund is measured in years, and the Fund has tax losses, the “transitional period” could be a year or more. Any new investments will be made directly by CSOC.

Liquidity

Liquidity risk is managed by maintaining a portion of the Corporation's assets in investments traded in an active market that can be readily sold. All liabilities of the Corporation are due within one year.

The securities of the Corporation are listed on the TSX Venture Exchange under the ticker CSOC.A and CSOC.B.

Summary of Quarterly Results

The following table shows selected financial information about CSOC for the most recently completed eight quarters of the Corporation:

Description	31-Dec-2023	30-Sep-2023	30-Jun-2023	31-Mar-2023	31-Dec-2022	30-Sep-2022	30-Jun-2022	31-Mar-2022
Total Revenue	$3,067,904	$300,770	$268,773	($510,815)	$71,413	($210,696)	($561,770)	($20,221)
Total Revenue Per Share	$0.59	$0.06	$0.05	($0.10)	$0.03	($0.08)	($0.20)	($0.01)
Realized Gains (Losses)	($35,606)	($2,280)	$0	$52,169	$200,381	$49,943	$201,696	($5,921)
(Losses) Per Share	($0.01)	($0.00)	$0.00	$0.01	$0.07	$0.02	$0.07	($0.00)
Unrealized Gains (Losses)	$2,654,955	$115,711	$87,987	($558,562)	($121,315)	($255,414)	($787,177)	($36,762)
Gains (Losses) Per Share	$0.51	$0.02	$0.02	($0.11)	($0.04)	($0.09)	($0.28)	($0.01)
Shareholders' Equity	$28,239,244	$25,593,112	$25,358,365	$25,374,742	$13,606,074	$13,565,387	$13,793,149	$14,326,086
Equity per Class A Share	$5.41	$4.89	$4.82	$4.81	$4.90	$4.88	$4.96	$5.16
Equity per Class B Share	$5.41	$4.91	$4.88	$4.88	$4.90	$4.88	$4.96	$5.16

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality. For each quarterly period, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation and functional currency.

Subsequent Events

In early January 2024, the convertible notes held in Horizon Aircraft at year end 2023 were converted into 93,566 common shares of New Horizon Aircraft following its reverse takeover of Pono Capital III on the NASDAQ.

Capital Resources

CSOC has no commitments for any capital expenditures as of December 31, 2023.

Off-Balance Sheet Arrangements

CSOC does not have any off-balance sheet arrangements.

Changes in Accounting Policies Including Initial Adoption

There were no changes during the period ending December 31, 2023 to the Corporation's accounting policies. The Corporation's accounting policies for its financial instruments are disclosed in detail in Note 2 of the Annual Audited Financial Statements.

Financial Instruments and Other Instruments

For the period ended December 31, 2023, CSOC continued to have the capability to hold derivatives and short positions in an investment portfolio in accordance with its investment mandate. At year-end CSOC held short positions in two US Treasury bonds and one Government of Canada bond. These three positions were held to hedge the interest rate risk on certain corporate bonds held in the portfolio. There were also three warrant securities held in two private companies that were value at nil at year end. The list of all associated risks are disclosed in detail in Notes 3 and Note 11 of the Annual Audited Financial Statements.

Transactions between Related Parties

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. Under the terms of the agreement, until August 1, 2022, no fees are payable for services provided by Canso to CSOC. On August 1, 2022, and August 1, 2023 this arrangement was extended for a further 12 months, respectively. There were no management fees charged for the year ended December 31, 2023 (December 31, 2022: $0).

Disclosure of Outstanding Share Data

As at December 31, 2023, there were 1,531,860 Class A Shares and 3,686,577 Class B Shares of the Corporation outstanding.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a determination could adversely affect the Corporation's performance and the market price for the Corporation's securities.

In August 2021, a proposed class action complaint was brought in the Superior Court of the State of California relating to the sale of BZ Holdings, Inc. ("**BZ**"), a Delaware corporation, to Centerfield Media Parent, Inc., which was accomplished by merger approved by BZ's board of directors in December 2020. The proposed representative plaintiffs are three former common shareholders of BZ, purporting to represent a class of other common shareholders. As a result of the merger transaction, which was managed and approved by a special committee of the BZ board of directors, who were advised by sophisticated U.S. legal counsel and an investment banking advisor, the preferred shareholders recovered some, but not all of their investments, and the common shareholders did not receive any compensation. The defendants named in the complaint are BZ's board of directors, certain officers of BZ, BZ's financial adviser, and certain preferred shareholders who the plaintiffs allege promoted and approved the merger. CSOC, was a preferred shareholder of BZ and CDS & Co. is named in the complaint as the registered holder of CSOC's preferred shares. CDS & Co. has not been served with the complaint. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. The Corporation denies the allegations in the complaint and, if necessary, will vigorously defend the action.

Other MD&A Requirements

Additional information relating to the Corporation is available on SEDAR+ at https://www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements reflect the current expectations of CSOC regarding future results or events and are based on information currently available to it. Certain material factors and reasonable assumptions were applied in providing these forward-looking statements. All forward looking statements in this press release are qualified by these cautionary statements. CSOC believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, CSOC can give no assurances that the actual results or developments will be realized. These forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. CSOC undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this report.

Additional information about CSOC is available under its SEDAR+ profile at https://www.sedarplus.ca.

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Financial Statements

Canso Select Opportunities Corporation

December 31, 2023 and 2022

Canso Select Opportunities Corporation
December 31, 2023

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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

Deloitte.

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto, ON, M5H 0A9
Canada

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Fax: 416-601-6151
www.deloitte.ca

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, 2023 and 2022, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were 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 these matters.

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 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
Toronto, Ontario
March 26, 2024

Canso Select Opportunities Corporation
Statements of Financial Position
As at December 31, 2023 and 2022

	2023	2022
	$	$
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 8)	**9,728,183**	9,689,304
Investments through FVTPL (Note 8)	**18,104,949**	3,292,218
Accrued interest	**9,315**	78,520
Cash and cash equivalents	**227,021**	79,993
Dividend receivable	**446**	393
Prepaid expenses	**18,712**	220,315
Total Current Assets	**28,088,626**	13,360,743
Non-current Asset		
Deferred tax assets (Note 9)	**272,245**	423,916
Total Assets	**28,360,871**	13,784,659
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	**95,266**	178,585
Non-current Liabilities		
Deferred tax liabilities (Note 9)	**26,361**	-
Total Liabilities	**121,627**	178,585
Shareholders' Equity		
Share capital (Note 5)	**23,359,050**	11,109,050
Contributed surplus	**4,324,550**	4,324,550
Retained earnings (deficit)	**555,644**	(1,827,526)
Total Shareholders' Equity	**28,239,244**	13,606,074
Total Liabilities and Shareholders' Equity	**28,360,871**	13,784,659
Shareholders' Equity		
Class A Multiple Voting Shares	**$8,285,202**	$7,903,921
Class B Subordinate Voting Shares	**$19,954,042**	$5,702,153
Number of Shares Outstanding		
Class A Multiple Voting Shares	**1,531,860**	1,611,460
Class B Subordinate Voting Shares	**3,686,577**	1,166,738
Total Shareholders' Equity per Share		
Class A Multiple Voting Shares	**$5.41**	$4.90
Class B Subordinate Voting Shares	**$5.41**	$4.90

Approved by the Board of Directors

(signed) "Joe Morin"

Joe Morin
Director

(signed) "Shirley Sumsion"

Shirley Sumsion
Director

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

Canso Select Opportunities Corporation
Statements of Comprehensive Income (Loss)
For the years ended December 31, 2023 and 2022

	2023	2022
	$	$
Income		
Dividend income	**838,617**	3,069
Interest (expense) income	**(26,359)**	30,226
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Realized gain on investments (Note 8)	**14,283**	446,099
Change in unrealized foreign exchange (loss) gain	**(51,739)**	88,347
Change in unrealized gain (loss) on investments (Note 8)	**2,351,830**	(1,289,015)
Total Income	**3,126,632**	(721,274)
Expenses (Note 6)		
Directors fees	**125,105**	126,521
Professional fees (Note 7)	**307,450**	43,398
Administration	**108,360**	45,870
Bank charges	**982**	707
Insurance	**23,533**	21,608
Total Expenses	**565,430**	238,104
Net Income (loss) before income taxes	**2,561,202**	(959,378)
Income tax expense (recovery)		
Deferred (Note 9)	**178,032**	(154,906)
Total Income Tax Expense (Recovery)	**178,032**	(154,906)
Net income (loss) and comprehensive income (loss) for the year	**2,383,170**	(804,472)
Net income (loss), by class		
Class A Multiple Voting Shares	**$699,574**	($466,624)
Class B Subordinate Voting Shares	**$1,683,596**	($337,848)
Net income (loss), per share		
Class A Multiple Voting Shares	**$0.46**	($0.29)
Class B Subordinate Voting Shares	**$0.46**	($0.29)

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, 2023 and 2022

	2023			
	$	$	$	$
	Share capital	**Contributed surplus**	**Retained earnings (deficit)**	**Total**
Class A Multiple Voting Shares				
Opening balance, January 1, 2023	6,443,669	2,523,969	(1,063,717)	7,903,921
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	(318,293)	-	-	(318,293)
Net income for the year	-	-	699,574	699,574
Balance at December 31, 2023	**6,125,376**	**2,523,969**	**(364,143)**	**8,285,202**
Class B Subordinate Voting Shares				
Opening balance, January 1, 2023	4,665,381	1,800,581	(763,809)	5,702,153
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	318,293	-	-	318,293
Class B Subordinate Voting Shares issued	12,250,000	-	-	12,250,000
Net income for the year	-	-	1,683,596	1,683,596
Balance at December 31, 2023	**17,233,674**	**1,800,581**	**$919,787**	**19,954,042**
Total	**23,359,050**	**4,324,550**	**$555,644**	**28,239,244**

	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

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, 2023 and 2022

	2023 $	2022 $
Operating Activities		
Net income (loss)	**2,383,170**	(804,472)
Adjustments for:		
Interest income re-invested	**(23,708)**	-
Dividend income re-invested	**(308,454)**	-
Realized gain on investment	**(14,283)**	(446,099)
Change in unrealized foreign exchange loss (gain) on investments	**51,666**	(88,421)
Change in unrealized (appreciation) depreciation on investments	**(2,351,830)**	1,289,015
Purchase of investments	**(991,540)**	(549,032)
Proceeds from sale of investments	**1,036,539**	850,471
Accrued interest	**69,205**	(15,826)
Dividend receivable	**(53)**	(241)
Prepaid expenses	**201,603**	(207,048)
Deferred tax assets	**151,671**	(154,906)
Deferred tax liabilities	**26,361**	-
Accounts payable and accrued liabilities	**(83,319)**	136,065
Net Cash Generated by Operating Activities	**147,028**	9,506
Cash and cash equivalents — Beginning of year	**79,993**	70,487
Cash and cash equivalents — End of year	**227,021**	79,993

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 Material 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 material 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 Material 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 Material 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 it represents the most reasonable estimate of fair value.

2. Basis of Presentation and Material 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 (loss) 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 Material 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, 2023	December 31, 2022
	$	$
Accounts payable and accrued liabilities	**87,047**	169,469
Government remittances	**8,219**	9,116
	95,266	178,585

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)

Class A Multiple Voting Shares (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, 2023 and 2022.

At December 31, 2023 share capital consists of the following:

	Number of shares #	Amount $
1,531,860 Class A Multiple Voting Shares		**6,125,376**
3,686,577 Class B Subordinate Voting Shares		**17,233,674**
		23,359,050
Class A Multiple Voting Shares:		
Class A Multiple Voting Shares outstanding, January 1, 2023	**1,611,460**	**6,443,669**
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	**(79,600)**	**(318,293)**
Class A Multiple Voting Shares issued	**-**	**-**
Class A Multiple Voting Shares outstanding, December 31, 2023	**1,531,860**	**6,125,376**
Class B Subordinate Voting Shares:		
Class B Subordinate Voting Shares outstanding, January 1, 2023	**1,166,738**	**4,665,381**
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	**79,600**	**318,293**
Class B Subordinate Voting Shares issued	**2,440,239**	**12,250,000**
Class B Subordinate Voting Shares outstanding, December 31, 2023	**3,686,577**	**17,233,674**
	5,218,437	**23,359,050**

During the year, there was a conversion of 79,600 Class A Multiple Voting Shares to 79,600 Class B Subordinate Voting Shares.

In addition, 2,440,239 Class B Subordinate Voting Shares were issued as consideration for the purchase of 70,000 Class A common shares of Lysander Funds Limited ("Lysander") from Canso Fund Management Ltd. ("CFM").

5. Share Capital (cont'd)

At December 31, 2022 share capital consisted 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

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. Subsequently, this service agreement was extended to July 31, 2024. There were no management fees charged for the year ended December 31, 2023 (2022 – $Nil). Included in accounts payable is $Nil (2022 – $103,534) owing to CFM, a company under common control.

On January 13, 2023, CSOC purchased 70,000 Class A Common Shares of Lysander Funds Limited from 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 is $12.25 million. Following the Transaction, CFM holds approximately 68% of CSOC's outstanding Class B Subordinate Voting Shares, which represents a voting position of 4.7%.

7. Audit Fees
For the year ended December 31, 2023, fees paid/payable to Deloitte LLP for the audit of the financial statements of CSOC were $32,842 (2022 – $26,496), including HST.

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 has significant influence over Lysander because it controls 12% of Lysander and its representation on the board of directors of Lysander. As an investment entity, CSOC meets the exemption under IAS 28 that allows CSOC to elect to measure the investment in associates at fair value through profit or loss in accordance with IFRS 9. 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.

8. Investments (Cont'd)

As at December 31, 2023, CSOC's investment portfolio consists of equity and debt securities in 15 different issuers.

Description	Average Cost $	Fair Value $	% of Portfolio
Equities Held Long	**14,793,708**	**17,004,949**	**93.93%**
Air Canada	191,516	214,934	1.19%
Bombardier Inc.	41,975	49,087	0.27%
Brill Power Limited	105,559	211,577	1.17%
Fibracast	800,000	377,580	2.09%
Lysander Funds Limited	12,250,000	14,700,000	81.19%
HashTag Paid Inc. Series A-5 Pref Share	132,837	308,253	1.70%
HashTag Paid Inc. Series B-4 Pref Share	66,330	62,507	0.35%
MDA Ltd.	879,998	724,113	4.00%
Our Home and Miniature Land Inc. Warrant	-	-	0.00%
NorthStar Gaming Holdings Inc (Escrow)	3,041	243	0.00%
NorthStar Gaming Holdings Inc	5,514	496	0.00%
Portfolio HiWay Inc.	50,000	62,500	0.35%
Reformulary Group Inc.	200,000	250,000	1.38%
Smooth Payment Inc. May 12, 2031 Warrant	-	-	0.00%
Smooth Payment Inc. July 5, 2031 Warrant	-	-	0.00%
TC Fund I LP	12,541	12,537	0.07%
VerticalScope Holdings Inc	54,397	31,122	0.17%
Fixed Income	**1,300,000**	**1,100,000**	**6.07%**
Horizon Aircraft 10% Conv. Promissory Note Oct 24 2024	500,000	500,000	2.76%
Our Home and Miniature Land Inc.	400,000	400,000	2.21%
Smooth Payment Inc.	400,000	200,000	1.10%
CSOC's Investments at Fair Value through Profit or Loss	**16,093,708**	**18,104,949**	**100.00%**

8. Investments (Cont'd)

As at December 31, 2023, CSOF's investment portfolio consists of equity and debt securities in 26 different issuers. The portfolio also includes cash and cash equivalents.

Description	Average Cost $	Fair Value $	% of Portfolio
Cash & Cash Equivalents	**477,941**	**477,631**	**4.94%**
Equities Held Long	**12,106,061**	**7,287,310**	**75.36%**
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	310,658	3.21%
Bird Construction Inc.	672,874	1,432,109	14.81%
Bombardier Inc.	337,302	447,042	4.62%
BZ Holdings Inc.	-	2	0.00%
Canadian Life Companies Split	78,572	85,932	0.89%
Cineplex Inc	618,090	610,173	6.31%
Enbridge Inc	384,298	386,370	4.00%
UBS Group AG (previously Credit Suisse Group AG)	150,789	225,634	2.33%
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,012,939	131,811	1.36%
Flint Corp - Preferred (previously ClearStream Energy Services - Preferred)	729,400	377,571	3.91%
Hertz Global Holdings Inc.	424,452	330,180	3.41%
M Split Corp	838,474	507,454	5.25%
Manulife Financial Group	694,689	941,536	9.74%
Sun Life Financial Corp	483,261	425,785	4.40%
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	108,327	5,969	0.06%
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	51,792	1	0.00%
Yellow Pages Limited	1,119,866	1,069,083	11.06%
Fixed Income	**3,105,536**	**3,162,333**	**32.71%**
AdHawk Microsystems Inc	466,585	461,510	4.77%
Air Canada	207,684	182,134	1.88%
Bank of Nova Scotia	563,450	573,317	5.93%
AMC Entertainment	237,219	171,493	1.77%
Latam Airlines Group	641,209	752,369	7.78%
Corus Entertainment Inc	246,000	260,333	2.71%
Spirit Aerosystems Inc	390,528	403,151	4.17%
American Airlines Inc	352,861	358,026	3.70%
Fixed Income held short	**(1,263,290)**	**(1,258,506)**	**(13.01%)**
Government of Canada	(514,437)	(511,601)	(5.29%)
US Treasury Note	(748,853)	(746,905)	(7.72%)
Total	**14,426,248**	**9,668,768**	**100.00%**
Other Assets, Net of Liabilities		59,415	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		**9,728,183**	

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 expense (recovery) of income taxes for the years ended December 31, 2023 and 2022 are summarized as follows:

	December 31, 2023		December 31, 2022	
	$	**%**	$	%
Net income (loss) before income taxes	**2,561,202**	**100.0%**	(959,378)	100.0%
Expected taxes expense (recovery) at future rates – 26.5%	**678,719**	**26.5%**	(254,235)	26.5%
Income tax effect of the following:				
Non-deductible expenses	**27,320**	**1.1%**	-	0.0%
Non-taxable income	**(222,234)**	**(8.7%)**	(813)	0.1%
Return to provision adjustments	**870**	**0.0%**	162	(0.0%)
Non-taxable portion of realized capital gain	**(1,881)**	**(0.1%)**	(59,108)	6.2%
Non-taxable portion of unrealized capital loss	**(304,762)**	**(11.9%)**	159,088	(16.6%)
	178,032	**7.0%**	(154,906)	16.1%

The income tax expense (recovery) is represented as follows:

	December 31, 2023	December 31, 2022
	$	$
Deferred tax expense (recovery)	**178,032**	(154,906)
	178,032	(154,906)

As at December 31, 2023, CSOC had a deferred tax asset of $272,245 (2022 – $423,916) relating to non-capital losses and realized capital losses on its investments. The components of the Company's deferred income tax asset are as follows:

	December 31, 2023	December 31, 2022
	$	$
Intangible property	**8,403**	8,845
Share issue cost	**9,631**	-
Non-capital losses	**201,167**	106,511
Realized capital losses	**53,044**	56,599
Unrealized capital losses	**-**	251,961
	272,245	423,916

As at December 31, 2023, CSOC had a deferred tax liability of $26,361 (2022 – $Nil) relating to unrealized gain on its investments.

CSOC has non-capital losses of $759,120 (2022 – $401,927) available to offset future taxable income, and if not utilized, will expire as follows:

Year	**$**
2038	86,277
2039	72,246
2040	196,881
2041	59,937
2043	343,779
	759,120

CSOC also has realized capital losses of $400,355 (2022 – $427,165) 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 CSOC's and CSOF's assets and liabilities measured at fair value, as described in Note 2, as at December 31, 2023 and 2022. During the year ended December 31, 2023, there were no transfers between levels (2022 – $Nil).

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Fixed Income held in CSOF	**$ -**	**$ 2,700,823**	**$ 461,510**	**$ 3,162,333**
Equities held in CSOF	**6,903,769**	**-**	**383,541**	**7,287,310**
Fixed Income held in CSOC	**-**	**-**	**1,100,000**	**1,100,000**
Equities held in CSOC	**1,019,995**	**-**	**15,984,954**	**17,004,949**
Total	**$ 7,923,764**	**$ 2,700,823**	**$ 17,930,005**	**$ 28,554,592**

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Fixed income held in CSOF	**$ -**	**$ (1,258,506)**	**$ -**	**$ (1,258,506)**
Total	**$ -**	**$ (1,258,506)**	**$ -**	**$ (1,258,506)**

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)

	December 31, 2023	December 31, 2022
Level 3 Reconciliation		
Balance, beginning of year	**$ 3,096,682**	$ 3,376,927
Purchases - held in CSOC	**12,812,541**	66,330
Purchases - held in CSOF	**466,585**	-
Sales - CSOC	**(236,614)**	-
Sales - CSOF	**(20,836)**	-
Realized loss, net - CSOC	**72,117**	-
Realized gain, net - CSOF	**(4,560)**	-
Dividend income re-invested	**20,492**	-
Change in unrealized depreciation - CSOF	**(89,509)**	(147,253)
Change in unrealized appreciation (depreciation) - CSOC	**1,813,107**	(199,322)
Balance, end of year	**$ 17,930,005**	$ 3,096,682

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.

10. Fair Value Hierarchy (Cont'd)

Brill Power Limited Class A
Price: £4.15
Valuation technique: The private placement financing technique using an Option Pricing Model
Unobservable inputs: The main unobservable inputs into the model are the time to exit, volatility, risk free rate, and enterprise value of the company.
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 50%, or an increase or decrease in the security price of £2.07, or an increase or decrease in net assets of $105,789.

Fibracast
Price: $0.45
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 $0.135, or an increase or decrease in net assets of $113,274.

HashTag Paid Inc. Series A-5 Pref Share
Price: US$0.5
Valuation Technique: The private placement financing technique using an Option Pricing Model
Unobservable Inputs: The main unobservable inputs into the model are the time to exit, volatility, risk free rate, and enterprise value of the company.
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 50%, or an increase or decrease in the security price of US$0.25, or an increase or decrease in net assets of $154,127.

HashTag Paid Inc. Series B-4 Pref Share
Price: US$0.6
Valuation Technique: The private placement financing technique using an Option Pricing Model
Unobservable Inputs:The main unobservable inputs into the model are the time to exist, volatility risk free rate and enterprice value of the company.
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 50%, or an increase or decrease in the security price of US$0.3, or an increase or decrease in net assets of $31,254.

Lysander Funds Limited
Price: $210.00
Valuation technique: Relative Value
Unobservable inputs: The primary unobservable inputs for this security are the company's financial metrics, AUM, valuation multiples of comparable publicly traded asset managers, and a discount for lack of liquidity.
Change in input values: A reasonably possible change to the value of market comparables could result in an increase or decrease of 30%, or an increase or decrease in the security price of $63, or an increase or decrease in net assets of $4,410,000.

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.

10. Fair Value Hierarchy (Cont'd)

Change in input values: N/A

Portfolio HiWay Inc.
Price: $25.00
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 securities.
Change in input values: A reasonably possible change to the value of the next private placement could result in an increase or decrease of 30%, or an increase or decrease in the security price of $7.50, or an increase or decrease in net assets of $18,750.

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 months could result in further impairment of this investment. Conversely, ability to raise equity capital in the next 3 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 maturing in the near term. There is significant debt ahead of the equity supporting a $0 value. Given market conditions for early-stage financing, it is believed that 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 maturing in the near term. There is significant debt ahead of the equity supporting a $0 value. Given market conditions for early-stage financing, it is believed that it will be difficult for the company to raise funding.
Change in input values: N/A

Horizon Aircraft 10% Conv. Promissory Note Oct 24, 2024
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 75%, or an increase or decrease in the security price of $75, or an increase or decrease in net assets of $375,000.

10. Fair Value Hierarchy (Cont'd)

TC Fund I LP Class B
Price: $17.08
Valuation Technique: Internally developed model
Unobservable Inputs: The primarily unobservable inputs for this security include TC Fund I FY23 Q3 Financial Statements, its book value of Equity on the balance sheet, CSOC's ownership stake in TC Fund I and the amount payable to RivettLP upon distribution of the partnership, of which is in relation to the tax benefit CSOC received.
Change in input values: A reasonably possible change in the value of the investments could result in an increase or decrease of 50%, or an increase or decrease in the security price of $8.54, or an increase or decrease in net assets of $6,269.

AdHawk Microsystems Inc. 6% notes due July 2024
Price: US$100.00
Valuation Technique: 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 US$30, or an increase or decrease in net assets of $138,453.

Flint Corp. Series 1 Preferred Share
Price: $517.93
Valuation Technique: Relative value technique
Unobservable Inputs: FLINT Corp. Senior Secured Bond price (from third party).
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 $155.38, or an increase or decrease in net assets of $113,271.

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 it is believed 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: It is believed that it is highly unlikely that the salvage value of assets will exceed the company's liabilities and therefore 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 primary unobservable inputs for this security were the expected sale prices of the spectrum assets.
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 $2,388.

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, 2023, 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.

11. Risk Management (Cont'd)

As at December 31, 2023, the only credit risks are coming from CSOC's investment in CSOF and in 3 different issuers.

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

Credit Risk - CSOF

As a % of CSOF's net assets	December 31, 2023		December 31, 2022	
Credit Exposure	**$**	**%**	**$**	**%**
AAA	**(1,258,506)**	**(12.9%)**	(704,918)	(7.3%)
BBB-	**573,317**	**5.9%**	1,424,664	14.7%
BB	**358,026**	**3.7%**	-	0.0%
BB-	**-**	**0.0%**	757,696	7.8%
B+	**1,012,702**	**10.4%**	-	0.0%
B	**-**	**0.0%**	687,903	7.1%
B-	**403,151**	**4.1%**	-	0.0%
CCC+	**171,493**	**1.8%**	138,090	1.4%
Not Rated	**643,644**	**6.6%**	-	0.0%

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

Credit Risk - CSOC

As a % of CSOC's net assets	December 31, 2023		December 31, 2022	
Credit Exposure	**$**	**%**	**$**	**%**
AAA	**-**	**0.0%**	234,262	7.1%
Not Rated	**1,100,000**	**6.1%**	744,000	22.6%

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, 2023:

	Less than a month	1-3 months	3 months - 1 year	> 1 year
Liquidity Risk				
Equity securities sold short	$ -	$ -	$ -	$ -
Fixed income securities sold short	-	-	-	1,262,820
Other accrued expenses	-	20,470	-	-

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, 2023, 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, 2023:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed income securities	$ 461,510	$ 755,451	$ 686,866	$1,903,827

The table below summarizes CSOC's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2023:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure				
Fixed income securities	$ 700,000	$ 400,000	$ -	$1,100,000

11. Risk Management (Cont'd)

Market Risk
If interest rates had increased or decreased by 1% at December 31, 2023 with all other variables remaining constant, net assets of the interest-bearing financial instruments of CSOF would have decreased or increased by approximately $28,919 (2022 - $63,851); net assets of the interest-bearing financial instruments of CSOC would have decreased or increased by approximately $9,845 (2022 - $18,567). 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, 2023, 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, 2023 and 2022:

	December 31, 2023	December 31, 2022
Currency Exposure		
USD	**22%**	21%

The table below summarizes CSOC's net exposure to currency risk as at December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Currency Exposure		
USD	**2%**	14%
GBP	**1%**	9%

As at December 31, 2023, 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 0.22% (2022 – 0.21%) and CSOC's net assets may have decreased or increased by 0.03% (2022 – 0.23%). 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, 2023, the price risk is coming from CSOC's investment in CSOF and its other investments, as approximately 75% of CSOF's net assets were invested in equity investments and 94% 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 $364,366 (2022 – $368,835); CSOC's net assets would have increased or decreased, by approximately $850,247 (2022 – $115,698). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

12. Contingency
The Company may be a party to legal proceedings. The Company believes that each such proceeding constitutes a routine matter incidental to the business conducted by the Company. The Company cannot determine the ultimate outcome of all the outstanding claims but believes the ultimate disposition of the proceedings will not have a material adverse effect on its earnings, cash flow or financial position.

13. Approval of financial statements
The financial statements were approved by the Board of Directors and authorized for issue on March 26, 2024.

Canso Select Opportunities Corporation

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