

Sustainable Power & Infrastructure Split Corp. - Interim Report 2022

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at	June 30, 2022	December 31, 2021
Assets		
Current assets		
Investments	\$ 52,942,495	\$ 65,187,627
Cash	1,391,235	370,054
Unrealized gain on foreign currency forward contracts (note 9)	18,380	26,491
Income receivable	176,157	126,994
Prepaid expenses	51,085	-
Total assets	54,579,352	65,711,166
Liabilities		
Current liabilities		
Option contracts written, at fair value (note 10)	27,765	10,572
Unrealized loss on foreign currency forward contracts (note 9)	899,039	306,808
Distributions payable to shareholder (note 6)	617,496	617,496
Accounts payable and accrued liabilities (note 7)	64,017	55,725
Income tax payable (note 16)	2,716	-
Class J shares (note 4)	100	100
Preferred shares (note 4)	32,216,660	32,216,660
Total liabilities (excluding Net Assets attributable to holders of redeemable Class A shares)	33,827,793	33,207,361
Net Assets attributable to holders of redeemable Class A shares	\$ 20,751,559	\$ 32,503,805
Redeemable shares outstanding (note 4)		
Preferred shares	3,221,666	3,221,666
Class A shares	3,221,666	3,221,666
Class J shares	100	100
Net Assets attributable to holders of redeemable shares per share		
Preferred share (\$)	10.00	10
Class A share (\$)	6.44	10.09
Class J share (\$)	1.00	1.00

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STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the six months ended June 30	2022	2021 ¹
Income		
Securities lending income (note 11)	\$ 701	\$ -
Net gain (loss) on foreign exchange on cash	(25,315)	(55,630)
Net gain (loss) on investments and derivatives:		
Dividend income	941,955	248,632
Net realized gain (loss) on sale of investments (note 8)	(1,034,011)	(4,513)
Net change in unrealized gain (loss) on investments	(9,597,754)	1,419,894
Net realized gain (loss) on options (note 8)	92,030	-
Net change in unrealized gain (loss) on options	12,482	(286)
Net realized gain (loss) on foreign currency forward contracts (note 9)	905,286	-
Net change in unrealized gain (loss) on foreign currency forward contracts (note 9)	(600,342)	(829,531)
Total net gain (loss) on investments and derivatives	(9,280,354)	834,196
Total income (loss), net	(9,304,968)	778,566
Expenses		
Management fees (note 7)	237,486	58,760
Audit fees	14,205	5,321
Independent Review Committee fees (note 7)	1,537	1,093
Custodial fees	6,062	2,077
Legal fees	831	515
Shareholder reporting costs	12,596	1,950
Other administrative expenses	71,967	16,051
Agents' fees and issuance cost on Preferred shares, amortized (note 4)	(61,996)	909,333
Transaction costs	29,713	61,293
Total expenses before taxes	312,401	1,056,393
Income tax (note 16)	41,500	-
Withholding taxes	61,226	9,968
Net investment income (loss) before distributions on Preferred shares	(9,720,095)	(287,795)
Distributions on Preferred shares (note 6)	(805,416)	(181,444)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	\$ (10,525,511)	\$ (469,239)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares per share²	\$ (3.27)	\$ (0.15)

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

² Based on the weighted average number of redeemable units outstanding for the period (note 4).

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STATEMENTS OF CASH FLOWS (Unaudited)

For the six months ended June 30	2022	2021 ¹
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations	\$ (10,525,511)	\$ (469,239)
Adjustments to reconcile net cash provided by (used in) operations:		
Net change in unrealized (gain) loss on foreign exchange on cash	(1,955)	(1,097)
Net realized (gain) loss on sale of investments (note 8)	1,034,011	4,513
Net change in unrealized (gain) loss on investments	9,597,754	(1,419,894)
Net realized (gain) loss on options (note 8)	(92,030)	-
Net change in unrealized (gain) loss on options	(12,482)	286
Net change in unrealized (gain) loss on foreign currency forward contracts	600,342	829,531
Increase (decrease) in distributions payable to Preferred shareholders	-	181,444
Decrease (increase) in income receivable	(49,163)	(155,163)
Decrease (increase) in prepaid expense	(51,085)	-
Increase (decrease) in accounts payable and accrued liabilities	8,292	49,485
Increase (decrease) in income tax payable (note 16)	2,716	-
Purchase of investments and options (note 8)	(7,124,554)	(60,928,830)
Proceeds from sale of investments and options (note 8)	8,859,626	1,042,236
Cash provided by (used in) operating activities	2,245,961	(60,866,728)
Cash flows from financing activities:		
Proceeds from issuance of redeemable Class A shares (note 4)	-	32,216,660
Proceeds from issuance of redeemable Preferred shares (note 4)	-	32,216,660
Proceeds from issuance of redeemable Class J shares (note 4)	-	100
Agents' fee and issue costs paid on issuance of redeemable Class A shares	61,996	(1,392,583)
Distributions paid to redeemable Class A shareholders (note 6)	(1,288,731)	-
Cash provided by (used in) financing activities	(1,226,735)	63,040,837
Net increase (decrease) in cash	1,019,226	2,174,109
Net change in unrealized gain (loss) on foreign exchange on cash	1,955	1,097
Cash, beginning of period	370,054	-
Cash, end of period	\$ 1,391,235	\$ 2,175,206
Distributions paid on Preferred shares (note 6) (\$)	\$ 805,416	\$ -
Supplemental information:²		
Dividends received, net of withholding taxes (\$)	831,566	83,501

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

² Included in cash flows from operating activities.

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STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES
(Unaudited)

For the six months ended June 30	2022	2021 ¹
Net Assets attributable to holders of redeemable Class A shares at beginning of period	\$ 32,503,805	\$ -
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	(10,525,511)	(469,239)
Distributions to holders of redeemable Class A shares (note 6):		
Distributions paid to redeemable Class A shares	(1,288,731)	(214,788)
Redeemable Class A share transactions:		
Proceeds from issuance of redeemable Class A shares (note 4)	-	32,216,660
Agents' fees and issue costs paid on issuance of redeemable Class A shares (note 4)	61,996	(1,392,583)
Net increase (decrease) from redeemable Class A share transactions	61,996	30,824,077
Net increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	(11,752,246)	30,140,050
Net Assets attributable to holders of redeemable Class A shares at end of period	\$ 20,751,559	\$ 30,140,050

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

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SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2022

	Number of Shares	Cost \$	Carrying Value \$	% of Portfolio
Asia				
<u>Hong Kong</u>				
Utilities				
CK infrastructure Holdings Ltd.	118,500	892,700	935,011	
		892,700	935,011	1.8
<u>Japan</u>				
Industrials				
Hitachi Ltd.	31,400	2,059,666	1,917,833	
		2,059,666	1,917,833	3.6
Total Asia		2,952,366	2,852,844	5.4
Europe				
<u>France</u>				
Industrials				
Schneider Electric SE	10,400	1,998,380	1,583,849	
		1,998,380	1,583,849	3.0
Utilities				
Veolia Environnement SA	44,000	2,032,493	1,382,321	
		2,032,493	1,382,321	2.6
<u>Germany</u>				
Consumer Discretionary				
Mercedes Benz Group AG	15,500	1,957,474	1,154,555	
		1,957,474	1,154,555	2.2
Industrials				
Siemens AG	7,300	1,639,107	956,057	
		1,639,107	956,057	1.8
Utilities				
RWE AG	30,000	1,583,402	1,419,605	
		1,583,402	1,419,605	2.7
<u>Great Britain</u>				
Materials				
Anglo American PLC	35,000	1,967,222	1,610,704	
		1,967,222	1,610,704	3.0
Utilities				
National Grid PLC	24,000	1,970,681	1,998,455	
		1,970,681	1,998,455	3.8

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SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited) (cont'd)

As at June 30, 2022

		Number of Shares	Cost \$	Carrying Value \$
Europe (cont'd)				
<u>Ireland</u>				
Materials				
Linde PLC	5,500	2,001,630	2,035,597	
		2,001,630	2,035,597	3.8
<u>Switzerland</u>				
Materials				
Sika AG	5,100	1,994,833	1,512,846	
		1,994,833	1,512,846	2.9
Total Europe		17,145,222	13,653,989	25.8
North America				
<u>Canada</u>				
Communication Services				
BCE Inc.	33,400	2,001,151	2,113,218	
Telus Corp.	74,400	2,006,509	2,133,048	
		4,007,660	4,246,266	8.0
Energy				
Enbridge Inc.	35,000	1,926,204	1,902,600	
		1,926,204	1,902,600	3.6
Industrials				
Waste Connections Inc.	10,000	1,594,925	1,596,000	
		1,594,925	1,596,000	3.0
Investment Funds				
Brompton Sustainable Real Assets Dividend ETF	125,000	2,797,661	2,836,885	
		2,797,661	2,836,885	5.4
Utilities				
Brookfield Infrastructure Partners LP	45,600	1,943,218	2,242,608	
Hydro One Ltd.	30,000	1,054,542	1,038,300	
		2,997,760	3,280,908	6.2
<u>United States</u>				
Energy				
ONEOK Inc.	30,800	2,067,346	2,200,340	
Williams Companies Inc.	51,100	1,616,959	2,052,866	
		3,684,305	4,253,206	8.0

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SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited) (cont'd)

As at June 30, 2022

	Number of Shares	Cost \$	Carrying Value \$	% of Portfolio
North America (cont'd)				
Industrials				
Jacobs Engineering Group Inc.	10,900	1,979,720	1,783,695	
Roper Technologies Inc.	3,700	1,992,322	1,879,576	
Union Pacific Corp.	6,300	1,877,722	1,729,564	
		5,849,764	5,392,835	10.2
Information Technology				
ON Semiconductor Corp.	27,300	2,276,382	1,767,922	
		2,276,382	1,767,922	3.3
Materials				
Albemarle Corp.	6,400	2,253,972	1,721,594	
		2,253,972	1,721,594	3.3
Real Estate				
Prologis Inc.	12,300	1,845,112	1,862,701	
SBA Communications Corp.	5,600	2,014,814	2,307,023	
		3,859,926	4,169,724	7.9
Utilities				
Constellation Energy Corp.	12,200	603,957	899,202	
Exelon Corp.	36,600	1,416,116	2,135,094	
Nextera Energy Inc.	22,400	1,990,572	2,233,426	
		4,010,645	5,267,722	9.9
Total North America		35,259,204	36,435,662	68.8
Embedded Broker Commission		(57,965)		
Total Investments		55,298,827	52,942,495	100.0

1. GENERAL INFORMATION

Sustainable Power & Infrastructure Split Corp. (the “Fund”) is a mutual fund corporation established under the laws of the Province of Ontario on March 31, 2021. Brompton Funds Limited (the “Manager”) is responsible for managing the affairs of the Fund and manages the Fund’s portfolio and options program. The Fund is listed on the Toronto Stock Exchange and commenced operations on May 21, 2021. CIBC Mellon Trust Company is the custodian of the Fund’s assets and prepares the daily valuations of the Fund. The address of the Fund’s registered office is Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Fund invests in a globally diversified and actively managed portfolio consisting primarily of dividend-paying securities of power and infrastructure companies, whose assets, products and services the Manager believes are facilitating the multi-decade transition toward decarbonization and environmental sustainability. The Portfolio will include investments in companies operating in the areas of renewable power, green transportation, energy efficiency, and communications, among others (“Sustainable Power and Infrastructure Companies”).

These financial statements were approved by the Board of Directors of Sustainable Power & Infrastructure Split Corp. on August 10, 2022.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

a) Financial Instruments

The Fund’s portfolio of investments is managed, and performance is evaluated, on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“FVOCI”). The contractual cash flows of the Fund’s debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the objective of the Fund’s business model. Consequently, all investments are measured at fair value through profit or loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

The Fund’s obligations for Net Assets attributable to holders of redeemable Class A shares, Preferred shares and Class J shares are measured assuming the redemption of shares at Net Asset Value on the valuation date. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument’s effective interest rate. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are the same as those used in measuring its published Net Asset Value. The carrying values of the Fund’s financial assets and liabilities that are not carried at FVTPL approximate their fair values due to their short-term nature.

b) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

c) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Investments in Underlying Funds are valued at the Net Asset Value per unit reported by the Underlying Funds.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, and others commonly used by market participants that make the maximum use of observable inputs. Refer to note 13 for further information about the Fund's fair value measurements.

d) Investments in Associates, Joint Ventures and Subsidiaries

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services. Its business purpose is to invest funds solely for returns from capital appreciation, income, or both, and it measures and evaluates the performance of substantially all of its investments on a fair value basis. Subsidiaries are all entities, including investment in other investment entities, over which the Fund has control. A Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity. The Fund has determined that such entities are investment entities and, as such, accounts for subsidiaries at fair value.

e) Cash

Cash is comprised of demand deposits with financial institutions.

f) Investment Transactions and Income and Expense Recognition

Net realized gain (loss) on sale of investments and net change in unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities. Dividend income is recognized on the ex-dividend date. Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis.

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities.

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration, repurchase or exercise of the option are included in net realized gains or losses on options.

g) Transaction Costs

Transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

h) Income Taxes

The Fund is a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38½% under Part IV of the Act on taxable dividends received from Canadian corporations in the year. This tax is fully refundable upon payment of sufficient dividends.

The Fund is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid by the Fund on taxable preferred shares as defined in the Act.

Given the investment and dividend policy of the Fund and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Fund does not expect to be subject to any appreciable amount of non-refundable Canadian income tax. Accordingly, no income tax provision has been recorded for the Canadian income. However, the Fund is subject to tax on the amount of its foreign income that is not offset by its operating expenses and share issue costs.

Currently the Fund incurs withholding taxes imposed by certain foreign countries on investment income. Such foreign income is recorded gross of withholding taxes, and the withholding taxes are presented as an expense item on the Statement of Comprehensive Income.

i) Foreign Currency Translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as "Net gain (loss) on foreign exchange on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss)" and "Net change in unrealized gain (loss)" in the Statements of Comprehensive Income.

j) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

k) Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities, unless certain criteria are met. Under IFRS, the Fund's Preferred shares and Class J shares are classified as liabilities as they are not the most subordinate class of shares. The Class A shares contain multiple redemption features and, therefore are considered to have more than one contraction obligation to its Class A shareholders. As a result, the Fund's Class A shares have been classified as financial liabilities.

4. REDEEMABLE SHARES

Units

A unit means a notional unit consisting of one Preferred share and one Class A share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders, less (iii) the stated capital of Class J shares (\$100).

Class J Shares

The Fund is authorized to issue an unlimited number of Class J shares.

As of June 30, 2022, 100 (December 31, 2021, 100) Class J shares were outstanding.

Class J shares are not entitled to receive dividends but are entitled to one vote per share. The Class J shares are redeemable and retractable at a price of \$1.00 per share.

Redeemable Class A Shares

Authorized

The Fund is authorized to issue an unlimited number of Class A shares.

The Fund intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) distributions payable on the Preferred shares are in arrears or (ii) in respect of a cash distribution, after the payment of a cash distribution by the Fund, the Net Asset Value per unit is less than \$15.00.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

The Class A shares rank subsequent to the Preferred shares but in priority to the Class J shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding-up of the Fund. Each Class A share is entitled to one vote on certain shareholder matters.

The current issued and outstanding Class A shares have a maturity date of May 29, 2026. The redemption price payable by the Fund for a Class A share on that date will be equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of \$10.00, plus any accrued and unpaid distributions on the Preferred shares, and (ii) nil.

Class A shares may be surrendered for retraction by the Fund at least 10 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a price per Class A share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the relevant Retraction Date and (ii) the cost to the Fund of the purchase of a Preferred share for cancellation. The cost of the purchase of a Preferred share includes the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase.

A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the second last business day of May of each year ("Annual Retraction Date"), commencing in 2023, at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A shares and the Preferred shares must both be surrendered for retraction at least 10 business days prior to the Annual Retraction Date.

The Fund's Class A shares are classified as financial liabilities on the Statements of Financial Position.

Issued

	2022 Number of Shares	2021 ¹ Number of Shares
Redeemable Class A shares, outstanding at January 1	3,221,666	-
Issuance of redeemable Class A shares	-	3,221,666
Redeemable Class A shares, outstanding at June 30	3,221,666	3,221,666
Weighted average number of redeemable Class A shares outstanding	3,221,666	3,221,666

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

On May 21, 2021, the Fund completed an initial public offering for 3,221,666 Class A shares at a price of \$10.00 per share for gross proceeds of \$32.2 million.

The agents' fees and issuance costs from the 2021 initial public offering amounted to \$1.4 million. These were netted off against Class A shares gross proceeds. In 2022, the manager reimbursed the Fund \$61,996 in connection to the agents' fees and issuance costs in relation to the 2021 initial public offering. The actual agents' fees and issuance costs incurred was lesser than what was estimated at the time of the offering.

On June 30, 2022, the Class A shares' closing market price on the Toronto Stock Exchange was \$8.10 per share (December 31, 2021-\$9.87 market price).

Redeemable Preferred Shares

Authorized

The Fund is authorized to issue an unlimited number of Preferred shares.

Holders of Preferred shares are entitled to receive fixed, cumulative, preferential quarterly cash distributions of \$0.1250 per share. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding-up of the Fund. Each Preferred share is entitled to one vote on certain shareholder matters.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

The current issued and outstanding Preferred shares have a maturity date of May 29, 2026. The redemption price payable by the Fund for a Preferred share on that date will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred shares then outstanding.

Preferred shares may be surrendered at any time for retraction by the Fund but at least 10 business days prior to the second last business day of a month ("Retraction Date"). Shareholders whose Preferred shares are retracted will be entitled to receive a price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A share for cancellation, and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of Preferred shares may also concurrently retract an equal number of Preferred shares and Class A shares on the second last business day of May of each year ("Annual Retraction Date"), commencing in 2023, at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Preferred shares and Class A shares must both be surrendered for retraction at least 10 business days prior to the Annual Retraction Date.

Issued

	2022 Number of Shares	2021 ¹ Number of Shares
Redeemable Preferred shares, outstanding at January 1	3,221,666	-
Issuance of redeemable Preferred shares	-	3,221,666
Redeemable Preferred shares, outstanding at June 30	3,221,666	3,221,666

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

On May 21, 2021, the Fund completed an initial public offering for 3,221,666 Preferred shares at a price of \$10.00 per share for gross proceeds of \$32.2 million.

The agents' fees and issuance costs from the 2021 initial public offerings amounted to \$909,333. This was presented as an expense on the Statement of Comprehensive Income. In 2022, the manager reimbursed the Fund \$61,996 in connection to the agents' fees and issuance costs in relation to the 2021 initial public offering. The actual agents' fees and issuance costs incurred was lesser than what was estimated at the time of the offering.

On June 30, 2022, the Preferred shares' closing market price on the Toronto Stock Exchange was \$10.60 per share (December 31, 2021 – \$10.50 market price).

5. CAPITAL MANAGEMENT

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable units. The Fund's objectives in managing its capital are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions and to return the original issue price to the holders of the shares on May 29, 2026.
- ii) to provide holders of Class A shares with regular monthly cash distributions and the opportunity for growth in Net Asset Value per share.

The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders or return capital to shareholders.

6. DISTRIBUTIONS TO SHAREHOLDERS

Distributions are made on a quarterly basis, record date being last business day of March, June, September and December, on the Preferred shares and on a monthly basis on the Class A shares. Distributions are payable no later than the tenth business day of the following month.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

For the period ended June 30, 2022, the Fund declared \$0.40 per unit in distributions per Class A share and accrued distributions of \$0.25 per Preferred share, which amounted to \$1,288,731 and \$805,416, respectively. Under the Fund's distribution reinvestment plan, Class A shareholders may elect to reinvest monthly distributions in additional Class A shares of the Fund, which may be purchased in the open market.

On July 22, 2022, the Fund declared distributions of \$0.06667 per Class A share for record date July 29, 2022.

7. RELATED PARTY TRANSACTIONS

a) Management Fees

Pursuant to a management agreement, the Manager provides management and administrative services, including key management personnel, to the Fund. In consideration for these services, the Fund pays a management fee equal to 0.75% per annum of the Net Asset Value of the Fund, excluding investment funds managed by the Manager, plus applicable taxes. The Fund does not pay any management fees on investments in funds managed by the Manager. The Net Asset Value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. For these purposes, the Preferred shares are not considered a liability of the Fund. This fee is calculated and payable monthly.

For the period ended June 30, 2022, the management fee amounted to \$237,486 (period from May 21, 2021 to June 30, 2021 - \$58,760), of which \$36,990 was payable as of June 30, 2022 (December 31, 2021 - \$9). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

b) Independent Review Committee Fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2022 was \$1,537 (period from May 21, 2021 to June 30, 2021 - \$1,093) and consisted only of fees. As at June 30, 2022, there was \$858 Independent Review Committee fees prepaid (December 31, 2021 - \$nil).

8. INVESTMENT TRANSACTIONS

Investment transactions for the periods ended June 30 were as follows:

	2022 \$	2021 ¹ \$
Proceeds from sale of investments and options	8,859,626	1,042,236
Less cost of investments and options sold:		
Investments and options at cost, beginning of period	57,936,465	-
Investments purchased and options written during the period	7,124,554	62,438,294
Investments and options at cost, end of period	(55,259,412)	(61,391,545)
Cost of investments sold and options written during the period	9,801,607	1,046,749
Net realized gain (loss) on sale of investments and options	(941,981)	(4,513)

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

There were no soft dollar commissions paid by the Fund for the period ended June 30, 2022 and the period from May 21, 2021 to June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

9. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund uses foreign currency forward contracts to hedge foreign exchange risks associated with its US dollar, Euro, Swiss franc, Hongkong dollar, Japanese yen and British pound investment portfolio. During the period ended June 30, 2022, the Fund realized a gain in the amount of \$905,286 (period from May 21, 2021 to June 30, 2021 – \$nil) on the close-out of certain contracts. The following foreign currency forward contracts the Fund has entered with a Canadian Chartered bank are with a DBRS rating of AA (high).

At June 30, 2022:

Canadian Dollars Purchased (Sold)	US Dollars Purchased (Sold)	Maturity Date	Rate (USD/CAD)	Fair Value (CAD) \$
29,596,109	(23,550,000)	15-Jul-22	0.79571	(717,883)
(3,294,304)	2,543,000	15-Jul-22	0.77194	(20,908)
26,301,805	(21,007,000)			(738,791)

Canadian Dollars Purchased (Sold)	Swiss Francs Purchased (Sold)	Maturity Date	Rate (CHF/CAD)	Fair Value (CAD) \$
1,750,866	(1,352,000)	15-Jul-22	0.77219	(73,288)
(224,946)	173,000	15-Jul-22	0.76907	8,471
1,525,920	(1,179,000)			(64,817)

Canadian Dollars Purchased (Sold)	Euros Purchased (Sold)	Maturity Date	Rate (EUR/CAD)	Fair Value (CAD) \$
7,733,623	(5,753,000)	15-Jul-22	0.74389	(32,105)
(720,725)	533,000	15-Jul-22	0.73953	(1,251)
(616,501)	457,000	15-Jul-22	0.74128	384
6,396,397	(4,763,000)			(32,972)

Canadian Dollars Purchased (Sold)	British Pounds Purchased (Sold)	Maturity Date	Rate (GBP/CAD)	Fair Value (CAD) \$
2,221,676	(1,413,000)	15-Jul-22	0.63601	7,204
(284,631)	183,000	15-Jul-22	0.64294	2,169
(311,751)	199,000	15-Jul-22	0.63833	124
1,625,294	(1,031,000)			9,497

Canadian Dollars Purchased (Sold)	Hong Kong Dollar Purchased (Sold)	Maturity Date	Rate (HKD/CAD)	Fair Value (CAD) \$
1,020,928	(6,388,000)	15-Jul-22	6.25705	(27,345)
(112,873)	688,000	15-Jul-22	6.09535	28
908,055	(5,700,000)			(27,317)

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

At June 30, 2022 (cont'd):

Canadian Dollars Purchased (Sold)	Japanese Yen Purchased (Sold)	Maturity Date	Rate (JPY/CAD)	Fair Value (CAD) \$
2,042,420	(217,916,000)	15-Jul-22	106.69500	(26,259)
2,042,420	(217,916,000)			(26,259)

At December 31, 2021:

Canadian Dollars Purchased (Sold)	US Dollars Purchased (Sold)	Maturity Date	Rate (USD/CAD)	Fair Value (CAD) \$
38,599,926	(30,630,000)	14-Jan-22	0.79352	(145,860)
(2,192,707)	1,704,000	14-Jan-22	0.77712	(37,212)
36,407,219	(28,926,000)			(183,072)

Canadian Dollars Purchased (Sold)	Swiss Francs Purchased (Sold)	Maturity Date	Rate (CHF/CAD)	Fair Value (CAD) \$
4,422,762	(3,241,000)	14-Jan-22	0.73280	(77,583)
4,422,762	(3,241,000)			(77,583)

Canadian Dollars Purchased (Sold)	Euros Purchased (Sold)	Maturity Date	Rate (EUR/CAD)	Fair Value (CAD) \$
6,124,262	(4,283,000)	14-Jan-22	0.69935	(45,090)
1,906,489	(1,316,000)	14-Jan-22	0.69027	10,887
8,030,751	(5,599,000)			(34,203)

Canadian Dollars Purchased (Sold)	Hong Kong Dollar Purchased (Sold)	Maturity Date	Rate (HKD/CAD)	Fair Value (CAD) \$
880,323	(5,433,000)	14-Jan-22	6.17160	(1,064)
880,323	(5,433,000)			(1,064)

Canadian Dollars Purchased (Sold)	Japanese Yen Purchased (Sold)	Maturity Date	Rate (JPY/CAD)	Fair Value (CAD) \$
2,322,715	(209,783,000)	14-Jan-22	90.31800	15,605
2,322,715	(209,783,000)			15,605

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

10. OPTION CONTRACTS

The Fund may write covered call or cash covered put options to generate additional income for the Fund. The Fund had the following call option contracts outstanding:

As at June 30, 2022:

Underlying Interest	Number of Contracts ¹	Expiration Date	Currency	Strike Price per Contract	Premium Received (CAD) \$	Fair Value (CAD) \$
Albemarle Corp.	13	15-Jul-22	USD	230.00	7,249	(3,640)
Albemarle Corp.	13	15-Jul-22	USD	240.00	4,186	(1,715)
Constellation Energy Corp.	24	15-Jul-22	USD	65.00	2,314	(1,467)
Enbridge Inc.	52	19-Aug-22	CAD	58.00	2,236	(2,080)
Enbridge Inc.	50	15-Jul-22	CAD	60.00	3,100	(99)
NextEra Energy Inc.	34	15-Jul-22	USD	77.50	2,613	(7,768)
ON Semiconductor Corp.	55	15-Jul-22	USD	53.00	15,162	(8,319)
Union Pacific Corp.	16	15-Jul-22	USD	222.50	2,555	(2,677)
	257				39,415	(27,765)

¹ Each contract was written for 100 shares of the underlying security.

As at December 31, 2021:

Underlying Interest	Number of Contracts ¹	Expiration Date	Currency	Strike Price per Contract	Premium Received (CAD) \$	Fair Value (CAD) \$
NextEra Energy Inc.	22	21-Jan-22	USD	97.50	1,392	(904)
ON Semiconductor Corp.	41	21-Jan-22	USD	75.00	3,622	(2,723)
Prologis Inc.	21	21-Jan-22	USD	175.00	2,590	(3,188)
Roper Technologies Inc	6	21-Jan-22	USD	500.00	2,136	(3,757)
	90				9,740	(10,572)

¹ Each contract was written for 100 shares of the underlying security.

11. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Trust Company (and certain of its affiliates). The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in National Instrument 81-102. The market values of the securities on loan and the related collateral at June 30, 2022 were \$34,015 (December 31, 2021 – nil) and \$35,755 (December 31, 2021 – nil), respectively. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Trust Company (and certain of its affiliates), is entitled to receive. The security lending income details as following:

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

For the periods ended June 30,	2022 \$	2021 ¹ \$
Gross securities lending income	1,028	-
Securities lending charges	(308)	-
Net securities lending income	720	-
Withholding taxes on securities lending income	(18)	-
Net securities lending income received by the Fund	702	-

¹ For the period from May 21, 2021 (commencement of operations) to June 30, 2021.

During the period ended June 30, 2022, securities lending charges represented 30.0% of the gross securities lending income.

12. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2022, and groups the securities by market segment. The following summary represents the investment sectors held by the Fund as at December 31, 2021. Significant risks that are relevant to the Fund are discussed below.

As at	December 31, 2021
Investment Sector	% of Portfolio
Communication services	6.8
Consumer discretionary	2.3
Energy	6.7
Industrials	36.5
Information technology	3.6
Materials	10.7
Real estate	8.7
Brompton Sustainable Real Assets Dividend ETF	4.9
Utilities	19.8
Total	100.0

The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by regular rebalancing of the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is comprised of Canadian, US and global exchange-listed equity securities.

a) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities and derivatives present a risk of loss of capital. The Manager attempts to moderate this risk through the careful selection of securities and derivatives within the parameters of the investment strategy. Except for options written, the maximum risk of loss resulting from financial instruments is equivalent to their fair value. There were no cash-covered put options outstanding as at June 30, 2022. No additional risk is introduced by covered call options written.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

The Fund is exposed to other price risk from its investment in equity securities and option contracts. As at June 30, 2022, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable Class A shares would have increased by approximately \$5.2 million or 25.0% (December 31, 2021 - approximately \$6.4 million or 19.8%). Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable Class A shares would have decreased by approximately \$5.3 million or 25.3% (December 31, 2021 - approximately \$6.5 million or 20.0%). In practice, the actual trading results may differ, and the difference could be material.

b) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund did not have significant credit risk exposure as at June 30, 2022. The carrying amount of income receivable represents the maximum credit risk exposure as it will be settled in the short term.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Fund has entered into a securities lending program with its custodian; see note 11. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

The Fund is also exposed to credit risk for the amount of unrealized gains under the foreign currency forward contracts (note 9) with a Canadian chartered bank with a DBRS rating of AA (high).

c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its monthly and annual retractions of Class A shares and Preferred shares. For the monthly and annual retractions of Class A shares and Preferred shares, the Fund receives notice at least 10 business days prior to the Retraction Date and has up to 10 business days after the Retraction Date to settle the retractions, which gives the Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price. All Class A shares and Preferred shares outstanding on May 29, 2026 are scheduled to be redeemed by the Fund on that date unless the term of the Fund is extended.

As at June 30, 2022 and December 31, 2021, all the Fund's other financial liabilities had maturities of less than three months.

d) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The investment portfolio of the Fund includes cash and equities that are primarily US-dollar and Euro denominated and to a lesser extent Swiss franc ("CHF"), Japanese yen ("JPY"), Hong Kong dollar ("HKD") and British pound ("GBP") denominated. The Fund's currency risk is substantially hedged with the use of foreign currency forward contracts. The tables below indicate the foreign currency investment holdings in the Fund and the corresponding foreign currency hedges as at June 30, 2022 and December 31, 2021 in Canadian dollar terms. The table also illustrate the potential impact to the Fund's Net Assets attributable to holders of redeemable units, all other variables held constant, as a result of a 5% change in the foreign currency related to the Canadian dollar. In practice, the actual trading results may differ, and the difference could be material.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

As at June 30, 2022	Investments and Options \$	Cash and Other Receivables \$	Foreign Currency Forward Contracts (note 9) \$	Total Currency Exposure \$	Impact on Net Assets \$	Impact on Net Assets %
British pounds	1,610,704	11,206	(1,615,797)	6,113	306	-
Euros	6,496,387	29,717	(6,429,369)	96,735	4,837	0.02
Hong Kong dollars	935,011	2	(935,372)	(359)	(18)	-
Japanese yen	1,917,833	-	(2,068,679)	(150,846)	(7,542)	(0.04)
Swiss francs	1,512,846	4,079	(1,590,737)	(73,812)	(3,691)	(0.02)
US dollars	26,581,468	181,852	(27,040,596)	(277,276)	(13,864)	(0.07)
	39,054,249	226,856	(39,680,550)	(399,445)	(19,972)	(0.11)

As at December 31, 2021	Investments and Options \$	Cash and Other Receivables \$	Foreign Currency Forward Contracts (note 9) \$	Total Currency Exposure \$	Impact on Net Assets \$	Impact on Net Assets %
British Pounds	-	1,600	-	1,600	80	-
Euros	8,103,743	6,133	(8,064,954)	44,922	2,246	0.01
Hong Kong dollars	954,449	2	(881,386)	73,065	3,653	0.01
Japanese yen	2,151,196	-	(2,307,110)	(155,914)	(7,796)	(0.02)
Swiss francs	4,615,221	1,078	(4,500,345)	115,954	5,798	0.02
US dollars	37,442,995	74,301	(36,590,291)	927,005	46,350	0.14
	53,267,604	83,114	(52,344,086)	1,006,632	50,331	0.16

e) Interest Rate Risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. Interest bearing investments are namely, bonds, money market investments, short-term investments, debentures and mortgages or other income-producing securities, whose value increases if interest rates fall and decreases if interest rates rise. As of June 30, 2022 and December 31, 2021, the Fund had no exposure to interest rate risk.

13. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities at fair value as at June 30, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	50,105,610	-	-	50,105,610
Investment Funds	2,836,885	-	-	2,836,885
Foreign currency forward contracts gain	-	18,380	-	18,380
Foreign currency forward contracts loss	-	(899,039)	-	(899,039)
Option contracts written	(27,765)	-	-	(27,765)
Total	52,914,730	(880,659)	-	52,034,071

Assets and liabilities at fair value as at December 31, 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	62,015,702	-	-	62,015,702
Investment Funds	3,171,925	-	-	3,171,925
Foreign currency forward contracts gain	-	26,491	-	26,491
Foreign currency forward contracts loss	-	(306,808)	-	(306,808)
Option contracts written	(10,572)	-	-	(10,572)
Total	65,177,055	(280,317)	-	64,896,738

The Preferred shares issued and outstanding as at June 30, 2022 had a retraction price per share of \$10.00 (December 31, 2021 - \$10.00) and a TSX closing market price of \$10.60 (December 31, 2021 - \$10.50 market price).

There were no transfers of financial assets and liabilities between the levels during the period ended June 30, 2022.

There were no transfers of financial assets and liabilities between the levels to report during the period ended December 31, 2021, as the Fund's operations started on May 21, 2021.

All fair value measurements above are recurring. The carrying values of cash, income receivable, distributions payable and accounts payable and accrued liabilities and income tax payable approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3.

a) Equities

The Fund's equity positions are classified as level 1 as the securities are actively traded and a reliable price is observable. The net realized and change in unrealized loss from equity securities during the period ended June 30, 2022 was \$10,320,892 (period from May 21, 2021 to June 30, 2021 – gain of \$1,431,030).

b) Investment Funds

The Fund's holdings in the investment fund are classified as level 1 as the security is actively traded and a reliable price is observable. The net realized and net change in unrealized loss from holdings in the investment fund during the period ended June 30, 2022 was \$310,873 (period from May 21, 2021 to June 30, 2021 – loss of \$15,649).

c) Options Contracts

The Fund's option contracts written are classified as level 1, as the options are based on unadjusted quoted prices in active markets. The net realized and change in unrealized gain from option contracts during the period ended June 30, 2022 was \$104,512 (period from May 21, 2021 to June 30, 2021 – loss of \$286).

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

d) Foreign Currency Forward Contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The fair value of such contracts will fluctuate with changes in currency exchange rates. The forward contracts' value is the value that could be realized if the forward contracts were closed out on the financial reporting date and the change in fair value recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed. Foreign currency forward contracts are classified as level 2. The net realized and change in unrealized gain from foreign currency forward contracts during the period ended June 30, 2022 was \$304,944 (period from May 21, 2021 to June 30, 2021 – loss of \$829,531).

14. OFFSETTING OF FINANCIAL INSTRUMENTS

The Fund has a foreign exchange settlement and novation netting agreement in place for its foreign currency forward contracts that does not meet the criteria for offsetting in the Statements of Financial Position but still allows for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table presents the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The table is presented by type of financial instrument, as at June 30, 2022 and December 31, 2021.

As at June 30, 2022

Financial Assets and Liabilities	Amounts eligible for offset			
	Gross Amounts of Recognized Financial Assets/Liabilities \$	Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position \$	Financial Instruments Eligible for Offset \$	Net Amount \$
Derivative Assets	18,380	18,380	(18,380)	-
Derivative Liabilities	(899,039)	(899,039)	18,380	(880,659)
Total	(880,659)	(880,659)	-	(880,659)

As at December 31, 2021

Financial Assets and Liabilities	Amounts eligible for offset			
	Gross Amounts of Recognized Financial Assets/Liabilities \$	Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position \$	Financial Instruments Eligible for Offset \$	Net Amount \$
Derivative Assets	26,491	26,491	(26,491)	-
Derivative Liabilities	(306,808)	(306,808)	26,491	(280,317)
Total	(280,317)	(280,317)	-	(280,317)

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

15. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Fund qualifies as an investment entity under IFRS 10, Consolidated Financial Statements, and therefore accounts for investments at FVTPL. The Fund's primary purpose is to obtain funds from investors to provide them with investment management services, and to obtain a return primarily from capital appreciation and/or investment income. The Fund also measures and evaluates the performance of its investments on a fair value basis. In determining whether the Fund has control over an investee, the Fund assessed the voting rights, the exposure to variable returns and their ability to use the voting rights over the investee to affect the amount of the returns.

Type of Structured Entity	Nature and Purpose	Interest Held by the Fund
Investment fund	<ul style="list-style-type: none"> To manage assets on behalf of third-party investors and generate investment fees for the Manager of the Fund These vehicles are financed through the issue of units to investors 	Investments in units issued by the investment funds

The tables below set out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held:

As at June 30, 2022:

Holding	% of Net Asset Value ¹	Country of Establishment and Principal Place of Business	% of Ownership Interest
Brompton Sustainable Real Assets Dividend ETF	5.36	Canada	41.67

¹ Net Asset Value of the Fund includes the value of the Preferred shares. Excluding the value of the Preferred shares, the Net Asset Value is 13.67%

As at December 31, 2021:

Holding	% of Net Asset Value ¹	Country of Establishment and Principal Place of Business	% of Ownership Interest
Brompton Sustainable Real Assets Dividend ETF	4.90	Canada	45.45

¹ Net Asset Value of the Fund includes the value of the Preferred shares. Excluding the value of the Preferred shares, the Net Asset Value is 9.76%

The Fund can redeem or sell units in the above investment fund on any business day.

16. INCOME TAXES

As at December 31, 2021, the Fund had \$2,657,968 capital loss carry-forwards. The capital losses can be carried forward for an indefinite period.

As at December 31, 2021, the Fund had no non capital loss carry forwards for income tax purposes.

As at June 30, 2022, the Fund has recorded a provision for tax liability in the amount of \$2,716 which is to satisfy excess foreign income (net of foreign tax credits) the Fund has generated during the period. During the period ended June 30, 2022, the Fund incurred \$38,784 in income taxes as a result of excess foreign income the Fund earned during the taxation year ended December 31, 2021.

17. SUBSEQUENT EVENTS

On August 17, 2022, the Fund completed a treasury offering of Class A shares and Preferred shares for an aggregate gross proceeds of approximately \$9.7 million. Class A shares were offered at \$8.95 per share and Preferred shares were offered at a price of \$10.00 per share.