

Unaudited Financial Statements of

CYMBRIA CORPORATION

Three months ended March 31, 2024

CYMBRIA®

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim Financial Statements have been prepared by the Manager, EdgePoint Investment Group Inc., on behalf of Cymbria Corporation ("Cymbria"). 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 unaudited condensed interim 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 Cymbria are described in Note 3 to the unaudited condensed interim Financial Statements.

The Board of Directors is responsible for reviewing and approving Cymbria's unaudited condensed interim Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditor. The Board of Directors is composed of four members who are independent of management. For all share classes of Cymbria, the unaudited condensed interim Financial Statements have been reviewed and approved by the Board of Directors.



Patrick Farmer
Chairman
May 9, 2024



Norman Tang
Chief Financial Officer
May 9, 2024

NOTICE TO SHAREHOLDERS

Cymbria's Board of Directors, appoints independent auditors to audit Cymbria's annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice.

Cymbria's independent auditor has not performed a review of these condensed interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

	March 31, 2024	December 31, 2023 (Audited)
Assets		
Investments	\$ 1,392,701	\$ 1,276,577
EdgePoint Wealth Management Inc.	254,982	254,982
Foreign exchange forward contracts	200	1,938
Interest rate swap contract	2,086	1,110
Total financial assets at fair value through profit or loss* (Note 10)	1,649,969	1,534,607
Cash and cash equivalents	78,068	138,841
Dividends receivable	1,121	2,072
Prepaid interest	624	631
Receivable for investments sold	734	957
Interest receivable	305	414
Total Assets	\$ 1,730,821	\$ 1,677,522
Liabilities		
Accrued liabilities	\$ –	\$ 173
Foreign exchange forward contracts (Note 13)	123	–
Income taxes payable (Note 10)	2,974	3,286
Payable for investments purchased	367	–
Total current liabilities	3,464	3,459
Credit facility - term (Note 9)	50,000	50,000
Deferred share unit plan liability (Note 7)	2,065	1,774
Deferred income tax liability	95,781	61,321
Total Liabilities	\$ 151,310	\$ 116,554
Shareholders' equity		
Share capital (Note 5)	\$ 210,290	\$ 218,014
Retained earnings (Note 6)	1,369,221	1,342,954
Total Shareholders' equity	\$ 1,579,511	\$ 1,560,968
Shareholders' equity		
Common stock	\$ –	\$ –
Class A	1,090,473	1,087,806
Class J	489,038	473,162
Number of shares outstanding (Note 5)		
Class A	15,572,022	16,295,074
Class J	6,226,051	6,315,801
Total shareholder's equity per share		
Class A	\$ 70.03	\$ 66.76
Class J	\$ 78.55	\$ 74.92

*Cost of investments is reflected in the *Schedule of Investment Portfolio*.

The accompanying notes are an integral part of these interim Financial Statements.

ON BEHALF OF THE BOARD:


Reena Carter, Director


James MacDonald, Director

	2024	2023
Income		
Dividends from EdgePoint Wealth Management Inc.	\$ 5,695	\$ 5,175
Dividends	4,441	4,733
Interest for distribution purposes	1,754	1,169
Foreign currency gain (loss) on cash and other net assets	678	(91)
Income on interest rate swap contracts	329	173
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain (loss) on investments	29,593	644
Net realized gain (loss) on foreign exchange forward contracts	585	(148)
Increase (decrease) in net unrealized gain on investments	76,122	67,238
Increase (decrease) in net unrealized gain on foreign exchange forward contracts	(1,364)	(707)
Increase (decrease) in net unrealized gain on swap contracts	976	986
Total Income	\$ 118,809	\$ 79,172
Expenses (Note 8)		
Management fees (Note 8)	\$ 2,884	\$ 2,583
Interest expense (Note 9)	916	80
Harmonized Sales Tax	413	431
Operating expenses	169	423
Transaction costs	321	247
Investment research and portfolio maintenance	123	308
Net (reclaim) withholding tax	222	(10)
Total Expenses	\$ 5,048	\$ 4,062
Profit for the period before taxes	\$ 113,761	\$ 75,110
Income taxes		
Current	\$ 3,719	\$ 1,131
Deferred	34,460	8,893
Total Income Taxes	\$ 38,179	\$ 10,024
Net income	\$ 75,582	\$ 65,086
Net income, by class		
Class A	\$ 52,510	\$ 44,988
Class J	\$ 23,072	\$ 20,098
Net income, per share		
Class A	\$ 3.28	\$ 2.76
Class J	\$ 3.67	\$ 3.13

The accompanying notes are an integral part of these interim Financial Statements.

	2024	2023
Class A:		
Shareholders' equity, beginning of the period	\$ 1,087,806	\$ 948,205
Net income, by class	52,510	44,988
Capital transactions:		
Class J to Class A share exchanges	811	–
Cumulative surplus on Class J to Class A share exchanges	(41)	–
Shares repurchased and cancelled	(7,597)	(423)
Deemed dividends	(48,451)	–
Contributed surplus	(5,435)	(2,250)
	2,667	42,315
Shareholders' equity, end of the period	\$ 1,090,473	\$ 990,520

Class J:

Shareholders' equity, beginning of the period	\$ 473,162	\$ 416,307
Net income, by class	23,072	20,098
Capital transactions:		
Class J to Class A share exchanges	(770)	–
Shares repurchased and cancelled	(128)	–
Deemed dividends	(864)	–
Contributed surplus	(5,435)	63
	15,876	20,161
Shareholders' equity, end of the period	\$ 489,038	\$ 436,468

The accompanying notes are an integral part of these interim Financial Statements.

	2024	2023
Cash Flow from Operating Activities		
Net income (loss)	\$ 75,582	\$ 65,086
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(678)	91
Net realized (gain) loss on investments	(29,593)	(644)
Net realized (gain) loss on foreign exchange forward contracts	(585)	148
(Increase) decrease in net unrealized gain on investments and EdgePoint Wealth Management Inc.	(76,122)	(67,238)
(Increase) decrease in net unrealized gain on foreign exchange forward contracts	1,364	707
(Increase) decrease in net unrealized gain on swap contracts	(976)	(986)
(Increase) decrease in dividends receivable	951	(3,662)
(Increase) decrease in interest receivable	116	(482)
Increase (decrease) in accrued liabilities and other payables	(194)	(1,417)
Increase (decrease) in deferred income tax liability	34,460	8,893
Purchase of investments	(146,989)	(113,245)
Proceeds from sales of investments	138,252	111,722
Net Cash Generated (Used) by Operating Activities	\$ (4,412)	\$ (1,027)
Cash Flows from Financing Activities		
Purchase and cancellation of Class A and Class J shares	\$ (57,039)	\$ (2,610)
Net draw on credit facility	–	25,000
Net Cash Generated (Used) by Financing Activities	\$ (57,039)	\$ 22,390
Net increase (decrease) in cash and cash equivalents	\$ (61,451)	\$ 21,363
Foreign currency gain (loss) on cash and other net assets	678	(91)
Cash and cash equivalents, beginning of period	138,841	104,535
Cash and cash equivalents, end of the period	\$ 78,068	\$ 125,807
Cash and cash equivalents comprise:		
Cash at bank	\$ 78,068	\$ 125,807
	\$ 78,068	\$ 125,807
Interest received	\$ 1,863	\$ 1,102
Dividends received, net of withholding tax	\$ 10,964	\$ 6,256
Interest paid	\$ (916)	\$ (629)
Income taxes paid	\$ (4,031)	\$ (2,276)

The accompanying notes are an integral part of these interim Financial Statements.

Number of shares/units	Security	Average cost	Fair value
	Public equities		
263,922	Norfolk Southern Corporation	\$ 78,952	\$ 91,115
872,457	Berry Global Group Inc.	58,340	71,475
379,615	Dollar Tree Inc.	64,452	68,467
2,227,779	Mattel Inc.	45,204	59,779
2,458,475	Osisko Gold Royalties Limited	34,718	54,652
5,109,808	Computer Modelling Group Limited	26,744	51,967
433,922	Restaurant Brands International Inc.	30,696	46,677
63,986	Elevance Health Inc.	31,177	44,943
30,435	Fairfax Financial Holdings Limited	14,408	44,438
148,169	SAP SE	23,025	39,075
1,392,092	PrairieSky Royalty Limited	34,373	36,932
404,002	Dayforce Inc.	35,529	36,233
345,163	RB Global Inc.	26,323	35,610
643,271	Alfa Laval AB	27,511	34,255
	<i>Others</i>	516,314	599,184
		<u>1,047,766</u>	<u>1,314,802</u>
	Private equities		
279,585	EdgePoint Wealth Management Inc.	509	254,982
	<i>Others</i>	34,543	43,357
		<u>35,052</u>	<u>298,339</u>
	Total Equities	\$ 1,082,818	\$ 1,613,141
	Term Loans	\$ 15,638	\$ 15,638
	Physical Commodities	6,634	16,001
	Options	3,489	2,903
	Interest rate swap contracts	–	2,086
	Foreign exchange forward contracts	–	77
	Adjustment for transaction costs	(1,240)	–
	Total financial assets and liabilities at fair value through profit or loss	\$ 1,107,339	\$ 1,649,846

1. The Corporation:

Cymbria Corporation (“Cymbria”) is an investment company incorporated on September 4, 2008, under the laws of the Province of Ontario. It commenced operations and was listed on the Toronto Stock Exchange on November 4, 2008. EdgePoint Investment Group Inc. (the “Manager”) provides senior management to Cymbria and is also its Investment Advisor.

The registered office of Cymbria is located at 150 Bloor St. W., Suite 500, Toronto, Ontario, M5S 2X9, Canada.

The investment objective of Cymbria is to provide long-term capital appreciation through a concentrated portfolio of global companies and an investment in EdgePoint Wealth Management Inc. (“EdgePoint”), which offers mutual funds, institutional and other investments through financial advisors. The portfolio management team looks for global companies that it believes have strong competitive positions, long-term growth prospects and are run by competent management teams. The portfolio management team endeavours to acquire ownership stakes in these companies at prices below its assessment of each company’s true value.

2. Statement of compliance:

These unaudited condensed interim financial statements of Cymbria have been prepared in compliance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on May 9, 2024.

3. Material accounting policy information:

The accounting policies applied by Cymbria in these condensed interim financial statements are the same as those applied by Cymbria in its financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards. Cymbria has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Critical accounting estimates and judgments:

In the preparation of these condensed interim financial statements, the Manager has made judgments, estimates and assumptions that affect the application of Cymbria’s accounting policies and the reported amounts of assets, liabilities, income and expenses. There have been no changes in the critical accounting estimates and judgments which were set out in detail in Note 4 of Cymbria’s financial statements for the year ended December 31, 2023.

5. Share capital:

Cymbria has authorized an unlimited number of common shares, an unlimited number of Class A non-voting, non-redeemable shares and an unlimited number of Class J non-voting, non-redeemable shares. Share capital consists of the following:

March 31, 2024	Number of shares		Amount ('000s)
Common shares outstanding, March 31, 2024	100		—*
Class A shares issued:			
Shares outstanding, January 1, 2024	16,295,074	\$	154,856
Class A shares issued in exchange for Class J shares	86,444		811
Contributed Surplus			(41)
Class A shares repurchased for cancellation	(809,496)		(7,597)
Class A shares outstanding, March 31, 2024	15,572,022	\$	148,029
Class J shares issued:			
Shares outstanding, January 1, 2024	6,315,801	\$	63,158
Class J shares exchanged for Class A shares	(77,000)		(770)
Class J shares repurchased for cancellation	(12,750)	\$	(128)
Class J shares outstanding, March 31, 2024	6,226,051	\$	62,261
Total		\$	210,290

*Amount of common shares outstanding is \$100.

March 31, 2023	Number of shares		Amount ('000s)
Common shares outstanding, March 31, 2023	100		—*
Class A shares issued:			
Shares outstanding, January 1, 2023	16,346,339	\$	155,390
Class A shares repurchased for cancellation	(45,100)		(423)
Class A shares outstanding, March 31, 2023	16,301,239	\$	154,967
Class J shares issued:			
Shares outstanding, January 1, 2023	6,417,206	\$	64,172
Class J shares outstanding, March 31, 2023	6,417,206	\$	64,172
Total		\$	219,139

*Amount of common shares outstanding is \$100.

6. Retained earnings:

The changes in retained earnings for the three months ended March 31, 2024 and 2023 are as follows:

	March 31, 2024 ('000s)	March 31, 2023 ('000s)
Opening retained earnings	\$ 1,342,954	\$ 1,144,950
Net income (loss)	75,582	65,086
Class A shares repurchased for cancellation	(43,016)	(2,187)
Class J shares repurchased for cancellation	(6,299)	–
Closing retained earnings	\$ 1,393,663	\$ 1,207,849

7. Deferred share unit plan:

Cymbria's Deferred Share Unit ("DSU") plan gives directors the option to receive all of their Cymbria-related compensation in the form of DSUs. The number of DSUs awarded is based on the fair market value, as defined by the plan, of Class A shares on the award date. DSUs earn additional DSUs related to dividends that would otherwise have been paid if Class A shares had been issued on the grant date. The number of DSUs issued in regard to dividends is based on the fair market value of Class A shares, as defined in the plan, on the date dividends are paid. Upon redemption of DSUs, participants can elect to receive either a cash payment equal to the fair market value, as defined in the plan, of DSUs credited to the participant's account, or the equivalent number of Class A shares purchased in the open market on the participant's behalf. The plan is considered unfunded and participants' rights are no greater than those of an unsecured Cymbria creditor.

The following table summarizes DSU activity for the three months ended March 31, 2024 and the year ended December 31, 2023:

March 31, 2024	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2024	29,389	\$ 1,774
Granted during 2024 (Fair value on grant date)	891	61
Cumulative fair value adjustments during the period		239
Balance, March 31, 2024	30,280	\$ 2,074
December 31, 2023	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2023	25,873	\$ 1,419
Granted during 2023 (Fair value on grant date)	3,516	208
Cumulative fair value adjustments during the year		147
Balance, December 31, 2023	29,389	\$ 1,774

A maximum of 1,000,000 DSUs may be awarded under the plan, with the maximum value of DSUs awarded to participants within any one-year period not to exceed \$100,000 per participant.

8. Related party transactions:

(a) Management fees:

The Manager charges a monthly management fee at an annual rate of 1% of the daily average net asset value of Class A shares, excluding EdgePoint's value. During the three months ended March 31, 2024, the effective management fee charged on Class A shares was approximately 0.82% per annum.

The Manager charges Class J shareholders a monthly management fee at an annual rate of 0.5% of the daily average net asset value of Class J shares, excluding EdgePoint's value. During the three months ended March 31, 2024, the effective management fee charged on Class J shares was approximately 0.41% per annum.

The total management fee for the three months ended March 31, 2024 amounted to \$2.9 million (March 31, 2023: \$2.6 million), with nil in outstanding accrued fees due to the Manager at March 31, 2024 and December 31, 2023.

(b) Operating expenses:

Cymbria is also responsible for various expenses relating to its operations. These expenses may include, but are not limited to: taxes (including income, capital and harmonized sales taxes), accounting, legal and audit fees, Board of Directors' fees and expenses, custodial fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs, shareholder reporting, investment advisor expenses incurred in connection with its duties as Investment Advisor and all administration expenses incurred by the Manager for its duties as Manager, excluding any salaries to the Manager's principal shareholders, and all general operating expenses that could include allocated salaries, overhead and other costs directly related to Cymbria's operations and incurred by the Manager. For the three months ended March 31, 2024, allocated expenses totaled \$0.0 million (March 31, 2023: \$0.1 million). Except for interest, bank charges, withholding tax, and transaction costs paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses. Cymbria's common operating expenses are allocated to classes based on the average daily net asset value of each class.

9. Credit facility:

In 2017, Cymbria entered into a credit agreement with a Canadian chartered bank that allowed Cymbria to borrow up to \$100 million. On March 28, 2023, the credit agreement was amended to allow the \$100 million facility to be the aggregate of a renewable \$50 million revolving commitment that will mature on March 10, 2027 and two \$25 million

9. Credit facility (continued):

prime rate term loans that will mature on March 10, 2029 and March 28, 2030. Interest on the term commitment is charged at 3-month CDOR plus a spread, however, Cymbria has entered into an interest rate swap contract that will fix the interest on this portion of the term commitment at 3.8% and 5.5% per annum until maturity. Interest on the revolving commitment is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. When drawn upon, the credit facility is secured by a selection of eligible securities in Cymbria's investment portfolio. As at March 31, 2024, the outstanding balance of the term credit facility was \$50.0 million and revolving credit facility was nil (December 31, 2023: \$50.0 million and nil). For the three months ended March 31, 2024, Cymbria accrued \$0.9 million in interest and standby fees on the credit facility (March 31, 2023: \$0.1 million), which have been subsequently paid. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

10. Fair value measurement:

Cymbria's investments, derivative financial instruments and physical commodities are carried at fair value. In the opinion of the Manager, the fair values of financial instruments, other than investments and derivative financial instruments, approximate their carrying values given their short-term nature.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Cymbria can access at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Changes in valuation methods may result in transfers into, or out of, an investment's assigned level.

The following table categorizes financial instruments and physical commodities measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is included. The amounts are based on the values recognized in the *Statement of Financial Position*.

Assets (liabilities) at fair value as at March 31, 2024 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,313,959	\$ –	\$ 299,182	\$ 1,613,141
Physical commodities	–	16,001	–	16,001
Fixed income	–	–	15,638	15,638
Options	–	76	2,827	2,903
Swaps	–	2,086	–	2,086
Foreign exchange forward contracts	–	200	–	200
Foreign exchange forward contracts	–	(123)	–	(123)
Total	\$ 1,313,959	\$ 18,240	\$ 317,647	\$ 1,649,846

Assets (liabilities) at fair value as at December 31, 2023 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,191,203	\$ –	\$ 299,315	\$ 1,490,518
Physical commodities	–	22,307	–	22,307
Fixed income	–	–	15,638	15,638
Options	–	331	2,765	3,096
Swaps	–	1,110	–	1,110
Foreign exchange forward contracts	–	1,938	–	1,938
Total	\$ 1,191,203	\$ 25,686	\$ 317,718	\$ 1,534,607

For the three months ended March 31, 2024, the net change in value for financial instruments classified as FVTPL is a \$105.9 million gain (March 31, 2023: \$68.0 million gain).

The following tables reconcile Cymbria's Level 3 fair value measurements for the three months ended March 31, 2024 and the year ended December 31, 2023.

March 31, 2024 ('000s)	Fixed Income Options		
	Equities	Income	Options
Balance at beginning of period	\$ 299,315	\$ 15,638	\$ 2,765
Change in unrealized gain in value of investments	(133)	–	62
Balance at end of period	\$ 299,182	\$ 15,638	\$ 2,827

10. Fair value measurement (continued):

December 31, 2023 ('000s)	Equities	Fixed Income	Options
Balance at beginning of year	\$ 278,446	\$ 5,000	\$ –
Investment purchases during the year	6,591	10,638	2,765
Change in unrealized gain in value of investments	14,278	–	–
Balance at end of year	\$ 299,315	\$ 15,638	\$ 2,765

During the three months ended March 31, 2024 and 2023, there were no transfers between levels.

(a) Equities

Cymbria's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. When certain of Cymbria's equities do not trade frequently, current observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

As at March 31, 2024, Cymbria had four Level 3 equity investments; EdgePoint, a private financial technology company, a private pest control company and a private health care provider.

EdgePoint is a private company not traded on any public exchange and is considered a Level 3 asset because there is no market in which a share price can be readily observed. The Manager engages a third-party valuator to assist in the valuation of EdgePoint. EdgePoint's value is determined using the Discounted Cash Flow ("DCF") method. Under the DCF method, EdgePoint's fair value is estimated using the net present value of expected future cash flows. The cash flows include significant assumptions over the market growth rate, redemption rate, and portfolio management cost. The projected cash flows, together with the terminal value of the business at the end of the forecast period, are discounted to the valuation date using an appropriate rate. EdgePoint was valued as a standalone business and potential purchaser synergies that could arise in an acquisition were not considered. The Manager determines the most appropriate valuation methodologies to use, which are subject to change. On a quarterly basis or as frequently as necessary, the Manager reviews the significant assumptions, including EdgePoint's results and business prospects, for significant changes since the most recent valuation. If there are material changes, the Manager may engage the third-party valuator to assist in the re-valuation of EdgePoint and the amount recorded in the financial statements will be updated.

The following table sets out information about significant unobservable inputs used at March 31, 2024 and December 31, 2023, in measuring EdgePoint.

EdgePoint Wealth Management Inc.

Fair Value at March 31, 2024 and December 31, 2023: \$255.0 million

Unobservable Input	Input used	Range of reasonable alternatives	Sensitivity to changes in significant unobservable inputs
Annual market growth	8%	7%–9%	(\$9.2M)–\$9.7M
Redemption rate	13%	10%–16%	\$33.6M–(\$27.9M)
Discount rate	12.25%	11%–13.5%	\$21.3M–(\$18.4M)
Portfolio management cost	0.15%	0.1%–0.2%	\$22.1M–(\$22.1M)
Terminal growth rate	0%	(2%)–2%	(\$10.1M)–\$10.1M

Significant unobservable inputs are developed as follows:

- (i) Annual market growth: represents the future weighted average investment returns of the funds managed by EdgePoint. EdgePoint's management fee revenue is calculated as a percentage of assets under management ("AUM"), therefore higher investment returns of the funds will increase EdgePoint's expected annual cash flow. The range of 7%-9% was developed based on a weighted average of the index returns of the funds' benchmarks over a range of prior periods.
- (ii) Redemption rate: represents the weighted average of units redeemed by unitholders of the mutual funds managed by EdgePoint as a percentage of AUM. A higher redemption rate will decrease EdgePoint's AUM and will therefore lower the annual cash flow. The range of 10%–16% is an average over the term of the model and is based on a combination of EdgePoint's historical redemption rate and the long-term redemption rate of the industry.
- (iii) Discount rate: is the annual percentage used to determine the present value of EdgePoint's future cash flows. The discount rate factors in not only the time value of money, but also the risk or uncertainty of those future cash flows. A higher discount rate would indicate a greater uncertainty of future cash flows and therefore determine a lower net present value for EdgePoint. The range of 11%–13.5% was determined based on a combination of EdgePoint's assumed weighted-average cost of capital, the risk-free rate, market risk factors and other adjustments.
- (iv) Portfolio management cost: represents the fees paid to the Manager by EdgePoint for providing investment advisory services. Due to the Manager and EdgePoint

10. Fair value measurement (continued):

being related parties, fees negotiated between the two parties are considered substantially below market value. For the purposes of valuing EdgePoint, it is assumed that a reasonable market value for services provided is paid to the Manager. A higher rate would increase the fees paid to the Manager and therefore decrease the annual cash flow. The input is presented as a percentage of AUM. The range of 0.1%–0.2% was determined based on sub-advisory fees of comparable investment managers.

- (v) Terminal growth rate: represents the growth rate of EdgePoint's earnings in perpetuity. The valuation model uses the Gordon growth model to ascribe a terminal value. The range of terminal growth rates was determined using management's estimate of growth prospects for the business beyond the end of the term of the forecasted cash flows.

Although the Manager believes that its estimates of fair value for EdgePoint are appropriate, the use of different assumptions could lead to different measurements of fair value. For the fair value measurement of EdgePoint, changing a combination of the significant assumptions noted above to reasonably possible alternative assumptions would increase or decrease the value of EdgePoint. Taking a pessimistic view by changing the annual market rate to 7%, redemption rate to 16%, discount rate to 13.5%, portfolio management cost to 0.2%, and terminal growth rate to -2% would result in a decrease in the value of EdgePoint by \$72.8 million. Conversely, taking an optimistic view by changing the annual market rate to 9%, redemption rate to 10%, discount rate to 11%, portfolio management cost to 0.1%, and terminal growth rate to 2% would result in an increase in the value of EdgePoint by \$119.5 million.

Cymbria's other Level 3 assets are not traded on any public exchange and are considered a Level 3 asset because there is no market in which their value can be readily observed. The fair value of these companies was determined using a financial model with inputs for valuation multiples that are consistent with industry comparatives. The most significant of these companies is the private technology company. For the private technology company, changing the terminal value revenue multiple of 3X by 0.5X would result in a corresponding increase or decrease in the value of \$5.0 million. Using a different methodology for valuing the other Level 3 equities would not significantly change the value to Cymbria.

(b) Fixed income

Fixed income consists of corporate bonds, which are typically valued using models with inputs including interest rate curves, credit spreads and volatilities.

The Fund holds three fixed income securities that have been classified as Level 3 because of a lack of observable inputs in the valuation (December 31, 2023: three). The fair value has been determined using the par value of the loans that we originated and there have been no other observable transactions related to this security. Using a different methodology for valuing these securities would not significantly change the value to Cymbria.

(c) Derivative assets and liabilities

Derivative assets and liabilities consists of foreign exchange forward contracts, options and interest rate swap contracts. Foreign exchange forward contracts are valued primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency and interest rates. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit related inputs are determined not to be significant to fair value, are classified as Level 2. Options are valued primarily on the number of contracts, the difference between the strike price and the forward market rate for the underlying equity/index, interest rate, dividends and volatility of the underlying equity/index. Interest rate swap contracts are valued using a model with an observable input for the floating interest rate. Counterparty credit risk is managed through the use of collateral and a Credit Support Annex, when available.

(d) Physical commodities

Physical commodities is comprised of Uranium owned and stored at a third party storage facility. The value is determined using a spot price from a third party pricing vendor and is classified as Level 2. The following table reconciles Cymbria's investment in physical commodities for the period ended March 31, 2024 and year ended December 31, 2023.

	March 31, 2024 ('000s)	December 31, 2023 ('000s)
Balance at beginning of period	\$ 22,307	\$ 28,036
Investment dispositions during the period	(7,162)	(12,286)
Realized gain (loss)	4,705	9,570
Change in unrealized gain (loss) in value of investments	(4,197)	(2,410)
Change in unrealized gain (loss) in value of foreign currency	348	(603)
Balance at end of year	\$ 16,001	\$ 22,307

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Geoff MacDonald, CFA

Co-Chief Executive Officer

Diane Rossi

Corporate Secretary

Norman Tang, CPA, CA

Chief Financial Officer

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Reena Carter, CA, CPA, CBV, C.Dir

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TORONTO STOCK EXCHANGE LISTING

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