

Financial Statements of

**FULCRA CREDIT  
OPPORTUNITIES FUND**

and Independent Auditor's Report thereon

Years ended December 31, 2025 and 2024



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## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Fulcra Credit Opportunities Fund

### ***Opinion***

We have audited the financial statements of Fulcra Credit Opportunities Fund (the Fund), which comprise:

- the statements of financial position as at December 31, 2025 and December 31, 2024
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

The Fund's Manager (the "Manager") is responsible for the other information. Other information comprises:

- the information included in the Annual Management Fund Performance for the Fund

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Report of Fund Performance for the Fund as at 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 the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of the Manager for the Financial Statements***

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Manager 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, the Manager is responsible for assessing the Fund'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 the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### ***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 generally accepted auditing standards 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 the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager'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 Fund'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 Fund 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada

March 31, 2026

# FULCRA CREDIT OPPORTUNITIES FUND

Statements of Financial Position  
(Expressed in Canadian Dollars)

December 31, 2025 and 2024

	2025	2024
<b>Assets</b>		
Cash	\$ 2,296,187	\$ 7,834,341
Subscriptions receivable	-	20,000
Interest receivable	611,362	541,846
Dividends receivable	5,443	-
Other assets	1,658	1,416
Investments	45,670,344	40,069,059
	<u>48,584,994</u>	<u>48,466,662</u>
<b>Liabilities</b>		
Due to brokers	498,109	-
Distributions payable	125,979	158,183
Management fees payable (note 5)	36,330	37,432
Performance fees payable (note 5)	117,087	19
Other liabilities	109,217	96,543
Derivatives: Forward contracts (note 9)	55,395	60,646
	<u>942,117</u>	<u>352,823</u>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 47,642,877</b>	<b>\$ 48,113,839</b>
<b>Net assets attributable to holders of redeemable units per class:</b>		
Class A - Master Series	\$ 6,974,106	\$ 7,096,777
Class C - Master Series	298,045	281,641
Class D - Master Series	1,248,057	2,217,917
Class D - January 2024 Series	-	24,496
Class F - Master Series	29,827,495	31,516,258
Class F - February 2022 Series	-	1,069,740
Class F - January 2024 Series	-	166,171
Class F - February 2024 Series	-	88,402
Class F - March 2024 Series	-	15,470
Class F - April 2024 Series	-	12,876
Class F - May 2024 Series	-	10,268
Class F - June 2024 Series	-	294,572
Class F - July 2024 Series	-	51,371
Class F - August 2024 Series	-	98,965
Class F - November 2024 Series	-	128,901
Class F - December 2024 Series	-	20,014
Class F - January 2025 Series	-	20,000
Class F - October 2025 Series	3,884,836	-
Class I - Master Series	5,410,338	5,000,000
	<u>\$ 47,642,877</u>	<u>\$ 48,113,839</u>

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

Approved on behalf of the Manager,  
Fulcra Asset Management Inc.

Director

# FULCRA CREDIT OPPORTUNITIES FUND

Statements of Comprehensive Income  
(Expressed in Canadian Dollars)

Years ended December 31, 2025 and 2024

	2025	2024
<b>Revenue:</b>		
Interest income	\$ 3,242,283	\$ 3,826,834
Dividend income	511,867	46,981
Other income	179,476	442,652
Net foreign currency gains (losses) on cash	28,457	38,815
Net realized gains (losses) on investments	(2,603,477)	(2,048,899)
Net change in unrealized appreciation (depreciation) on investments	2,403,766	993,880
	<b>3,762,372</b>	<b>3,300,263</b>
<b>Expenses:</b>		
Management fees (note 5)	360,356	524,088
Performance fees (note 5)	118,695	22
Fund administrator fees	108,197	85,697
Legal fees	62,187	48,129
Audit fees (note 12)	45,024	64,240
Unitholder transaction fees	22,602	19,096
Portfolio transaction fees	21,280	16,378
Filing fees	16,651	33,482
Custodian fees	15,700	21,121
Independent review committee fees	8,500	9,999
Other expenses	7,601	5,410
Sales taxes	6,755	18,038
	<b>793,548</b>	<b>845,700</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$ 2,968,824</b>	<b>\$ 2,454,563</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class:</b>		
Class A - Master Series	\$ 446,395	\$ 353,974
Class C - Master Series	18,372	10,340
Class D - Master Series	83,067	122,170
Class D - January 2024 Series	1,158	977
Class D - March 2025 Series	300	-
Class F - Master Series	1,818,468	1,368,311
Class F - February 2022 Series	8,878	45,134
Class F - September 2022 Series	-	3
Class F - April 2023 Series	-	3
Class F - December 2023 Series	-	1
Class F - January 2024 Series	11,406	538,332
Class F - February 2024 Series	2,488	2,952
Class F - March 2024 Series	814	470
Class F - April 2024 Series	678	376
Class F - May 2024 Series	541	268
Class F - June 2024 Series	19,618	7,130
Class F - July 2024 Series	2,703	1,371
Class F - August 2024 Series	6,591	1,836
Class F - November 2024 Series	6,754	901
Class F - December 2024 Series	1,053	14
Class F - January 2025 Series	1,052	-
Class F - February 2025 Series	11,398	-
Class F - April 2025 Series	60,318	-
Class F - July 2025 Series	7,379	-
Class F - October 2025 Series	37,195	-
Class F - December 2025 Series	11,860	-
Class I - Master Series	410,338	-
	<b>\$ 2,968,824</b>	<b>\$ 2,454,563</b>

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units  
(Expressed in Canadian Dollars)

Years ended December 31, 2025 and 2024

	Increase / (decrease) in net assets attributable to		Proceeds from units issued	Reinvestment of distribution	Cost of units redeemed	Merger of series	Distribution paid to holders of redeemable units	Net assets December 31, 2025
Net assets January 1, 2025	holders of redeemable units							
Class A - Master Series	\$ 7,096,777	\$ 446,395	\$ -	\$ 422,066	\$ (519,091)	\$ -	\$ (472,041)	\$ 6,974,106
Class C - Master Series	281,641	18,372	-	17,479	-	-	(19,447)	298,045
Class D - Master Series	2,217,917	83,067	-	69,285	(1,030,016)	-	(92,196)	1,248,057
Class D - January 2024 Series	24,496	1,158	-	1,015	(25,654)	-	(1,015)	-
Class D - March 2025 Series	-	300	9,065	219	(9,365)	-	(219)	-
Class F - Master Series	31,516,258	1,818,468	-	1,678,685	(7,656,643)	4,475,281	(2,004,554)	29,827,495
Class F - February 2022 Series	1,069,740	8,878	-	26,550	(1,078,618)	-	(26,550)	-
Class F - January 2024 Series	166,171	11,406	-	6,478	-	(176,938)	(7,117)	-
Class F - February 2024 Series	88,402	2,488	-	4,031	(52,778)	(38,112)	(4,031)	-
Class F - March 2024 Series	15,470	814	-	1,182	-	(16,284)	(1,182)	-
Class F - April 2024 Series	12,876	678	-	985	-	(13,554)	(985)	-
Class F - May 2024 Series	10,268	541	-	786	-	(10,809)	(786)	-
Class F - June 2024 Series	294,572	19,618	-	-	-	(292,406)	(21,784)	-
Class F - July 2024 Series	51,371	2,703	-	3,905	-	(54,074)	(3,905)	-
Class F - August 2024 Series	98,965	6,591	-	-	-	(98,227)	(7,329)	-
Class F - November 2024 Series	128,901	6,754	-	9,850	-	(135,655)	(9,850)	-
Class F - December 2024 Series	20,014	1,053	-	1,530	-	(21,067)	(1,530)	-
Class F - January 2025 Series	20,000	1,052	-	1,543	-	(21,052)	(1,543)	-
Class F - February 2025 Series	-	11,398	240,000	16,865	-	(251,398)	(16,865)	-
Class F - April 2025 Series	-	60,318	1,100,000	-	-	(1,104,474)	(55,844)	-
Class F - July 2025 Series	-	7,379	200,000	-	-	(200,796)	(6,583)	-
Class F - October 2025 Series	-	37,195	4,362,000	54,965	(500,000)	-	(69,324)	3,884,836
Class F - December 2025 Series	-	11,860	2,034,459	5,879	-	(2,040,435)	(11,763)	-
Class I - Master Series	5,000,000	410,338	-	424,487	-	-	(424,487)	5,410,338
	\$ 48,113,839	\$ 2,968,824	\$ 7,945,524	\$ 2,747,785	\$ (10,872,165)	\$ -	\$ (3,260,930)	\$ 47,642,877

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Continued)  
(Expressed in Canadian Dollars)

Years ended December 31, 2025 and 2024

	Increase / (decrease) in net assets attributable to						Distribution paid		Net assets
	Net assets	holders of	Proceeds from	Reinvestment of	Cost of units	Merger of	to holders of	December 31,	
	January 1, 2024	redeemable units	units issued	distribution	redeemed	series	redeemable units	2024	
Class A - Master Series	\$ 10,121,986	\$ 353,974	\$ -	\$ 459,262	\$ (3,320,713)	\$ -	\$ (517,732)	\$ 7,096,777	
Class C - Master Series	300,897	10,340	-	165	(13,989)	-	(15,772)	281,641	
Class D - Master Series	3,860,725	122,170	-	124,796	(1,847,804)	117,735	(159,705)	2,217,917	
Class D - May 2023 Series	23,334	-	-	-	-	(23,334)	-	-	
Class D - July 2023 Series	94,400	-	-	-	-	(94,400)	-	-	
Class D - January 2024 Series	25,000	977	-	-	-	-	(1,481)	24,496	
Class F - Master Series	29,628,738	1,368,311	-	1,375,580	(1,997,830)	3,018,693	(1,877,234)	31,516,258	
Class F - January 2022 Series	107,051	-	-	-	-	(107,051)	-	-	
Class F - February 2022 Series	1,024,607	45,134	-	61,366	-	-	(61,367)	1,069,740	
Class F - March 2022 Series	372,598	-	-	-	-	(372,598)	-	-	
Class F - May 2022 Series	44,241	-	-	-	-	(44,241)	-	-	
Class F - September 2022 Series	964,271	3	-	-	-	(964,274)	-	-	
Class F - October 2022 Series	104,600	-	-	-	-	(104,600)	-	-	
Class F - January 2023 Series	21,733	-	-	-	-	(21,733)	-	-	
Class F - April 2023 Series	1,069,676	3	-	-	-	(1,069,679)	-	-	
Class F - September 2023 Series	29,831	-	-	-	-	(29,831)	-	-	
Class F - October 2023 Series	102,109	-	-	-	-	(102,109)	-	-	
Class F - December 2023 Series	202,577	1	-	-	-	(202,578)	-	-	
Class F - January 2024 Series	15,160,000	538,332	-	719,402	(15,531,459)	-	(720,104)	166,171	
Class F - February 2024 Series	-	2,952	85,450	5,100	-	-	(5,100)	88,402	
Class F - March 2024 Series	-	470	15,000	826	-	-	(826)	15,470	
Class F - April 2024 Series	-	376	12,500	634	-	-	(634)	12,876	
Class F - May 2024 Series	-	268	10,000	464	-	-	(464)	10,268	
Class F - June 2024 Series	-	7,130	300,000	-	-	-	(12,558)	294,572	
Class F - July 2024 Series	-	1,371	50,000	1,920	-	-	(1,920)	51,371	
Class F - August 2024 Series	-	1,836	100,000	-	-	-	(2,871)	98,965	
Class F - November 2024 Series	-	901	128,000	1,488	-	-	(1,488)	128,901	
Class F - December 2024 Series	-	14	20,000	130	-	-	(130)	20,014	
Class F - January 2025 Series	-	-	20,000	-	-	-	-	20,000	
Class I - Master Series	-	-	5,000,000	-	-	-	-	5,000,000	
	\$ 63,258,374	\$ 2,454,563	\$ 5,740,950	\$ 2,751,133	\$ (22,711,795)	\$ -	\$ (3,379,386)	\$ 48,113,839	

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statements of Cash Flows  
(Expressed in Canadian Dollars)

Years ended December 31, 2025 and 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,968,824	\$ 2,454,563
Adjustments for non-cash items		
Foreign currency (gains) losses on cash	(28,457)	(38,815)
Net realized (gains) losses on investments	2,603,477	2,048,899
Net change in unrealized (appreciation) depreciation on investments	(2,403,766)	(993,880)
Change in non-cash balances		
(Increase) decrease in interest receivable	(69,516)	54,029
(Increase) decrease in dividends receivable	(5,443)	-
(Increase) decrease in other assets	(242)	(1,416)
Increase (decrease) in due to brokers	498,109	(818,201)
Increase (decrease) in management fees payable	(1,102)	(12,442)
Increase (decrease) in other liabilities	12,674	46,564
Increase (decrease) in performance fees payable	117,068	(112,148)
Proceeds from sale of investments	39,513,756	86,780,205
Purchase of investments	(45,320,003)	(80,348,490)
<b>Net cash from operating activities</b>	<b>(2,114,621)</b>	<b>9,058,868</b>
Financing activities:		
Proceeds from issuance of redeemable units	7,965,524	20,905,950
Payments on redemption of redeemable units	(10,872,165)	(22,711,795)
Distributions paid to holders of redeemable units	(545,349)	(1,112,931)
<b>Net cash from financing activities</b>	<b>(3,451,990)</b>	<b>(2,918,776)</b>
Increase (decrease) in cash during the year	\$ (5,566,611)	\$ 6,140,092
Foreign exchange gain (loss) on cash	28,457	38,815
Cash, beginning of year	7,834,341	1,655,434
<b>Cash, end of year</b>	<b>\$ 2,296,187</b>	<b>\$ 7,834,341</b>
Supplemental information:		
Interest paid	\$ -	\$ 73
Interest received	3,172,767	3,880,863
Dividends received, net of withholding taxes	506,424	46,981

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statement of Investment Portfolio  
(Expressed in Canadian Dollars)

December 31, 2025

Description	Number of units / shares	Average cost	Fair value
Corporate Bonds (70.0%):			
Aimia Inc. 9.75% 14JAN30	234,600	\$ 228,735	\$ 229,322
Alta Equipment Group Inc. 9% 01JUN29	250,000	303,655	304,302
AltaGas Ltd. 4.638% 15MAY26	250,000	252,748	251,729
Bausch Health Cos Inc. 4.875% 01JUN28	250,000	321,586	307,730
Borr Drilling Ltd. 5% 08FEB28	200,000	207,626	277,631
Borr IHC Ltd / Borr Finance LLC 10% 15NOV28	277,439	360,610	382,927
Borr IHC Ltd / Borr Finance LLC 10.375% 15NOV30	180,583	240,808	247,867
Briggs & Stratton Corp. 6.875% 15DEC20	2,100,000	1,412,678	21,601
Calumet Specialty Products Partners LP 11% 15APR26	106,000	148,541	146,250
Chemtrade Logistics Income Fund 7% 30JUN28	342,000	342,000	353,970
Chemtrade Logistics Income Fund 7% 30JUN28	500	491	635
CNG Holdings Inc. 16.50% 30JUN31	790,429	989,554	964,825
Conuma Resources Ltd. 13.125% 01MAY28	493,000	637,789	625,438
Corus Entertainment Inc. 5% 11MAY28	1,375,000	750,930	501,875
Corus Entertainment Inc. 6% 28FEB30	1,590,000	819,675	572,400
Dye & Durham Ltd. 3.75% 01MAR26	1,576,000	1,522,530	1,520,840
Dye & Durham Ltd. 6.50% 01NOV28	367,500	344,944	304,787
eG Global Finance PLC 12% 30NOV28	900,000	1,262,889	1,342,975
Enova International Inc. 11.25% 15DEC28	474,000	661,910	688,019
fuboTV Inc. 3.25% 15FEB26	150,000	205,219	206,054
Getty Images Inc. 10.50% 15NOV30	600,000	838,141	830,325
Getty Images Inc. 11.25% 21FEB30	850,000	1,139,834	1,094,138
Gibson Energy Inc. 5.25% 22DEC80	1,000,000	857,438	1,000,538
GrafTech Finance Inc. 4.625% 23DEC29	500,000	481,583	512,598
GrafTech Global Enterprises Inc. 9.875% 23DEC29	200,000	243,496	240,012
Guitar Center Inc. 11% 19AUG2032 ( Second Lien Notes)	80,000	16,761	43,888
Guitar Center Inc. 11% 19AUG2032 ( Third Lien Notes)	974,232	260,439	334,040
Guitar Center Inc. 8.50% 15JAN29	420,000	465,696	470,905
Mercer International Inc. 5.125% 01FEB29	700,000	598,898	616,308
Microsoft Corp. 2.675% 01JUN60	500,000	405,852	395,748
National CineMedia LLC 5.75% 15AUG26	450,000	197,439	5,101
New Flyer Holdings Inc. 9.25% 01JUL30	1,000,000	1,370,300	1,476,132
NFI Group Inc. 5% 15JAN27	1,055,000	889,319	1,056,727
North American Construction Group Ltd. 5% 31MAR26	179,000	182,224	180,074
North American Construction Group Ltd. 7.75% 01MAY30	800,000	800,000	826,334
North American Construction Group Ltd. 7.75% 01MAY30	100,000	103,000	103,417
Optiva Inc. 9.75% 20JUL25	1,411,994	1,440,099	1,742,895
Phoenix Aviation Capital Ltd. 9.25% 15JUL30	250,000	342,088	365,566
Balance to carry forward		\$ 21,647,525	\$ 20,545,923

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statement of Investment Portfolio (Continued)  
(Expressed in Canadian Dollars)

December 31, 2025

Description	Number of units / shares	Average cost	Fair value
Corporate Bonds (70.0%) (continued):			
Balance carried forward		\$ 21,647,525	\$ 20,545,923
Premium Brands Holdings Corp. 4.20% 30SEP27	1,296,000	1,186,796	1,300,693
Premium Brands Holdings Corp. 5.40% 30SEP29	100,000	90,000	102,200
Premium Brands Holdings Corp. 5.50% 31MAR30	464,000	487,423	495,911
Pyxus Holdings Inc. 8.50% 31DEC27	516,562	651,561	637,618
Rite Aid Corp. 12.05718% 30AUG31	101,148	71,157	10,404
Rite Aid Corp. 15% 30AUG31 PIK Series A	301,101	30,710	4,130
Rite Aid Corp. 15% 30AUG31 PIK Series B	219,233	296,504	3,007
Rogers Communications Inc. 5% 17DEC81	1,000,000	934,224	1,011,948
Royal Bank of Canada 4.20%	300,000	300,000	288,349
Seaspan Corp. 5.50% 01AUG29	675,000	813,527	879,977
Sherritt International Corp. 9.25% 30NOV31	2,060,000	1,160,054	1,019,700
SNC-Lavalin Group Inc. 7% 12JUN26	414,000	414,978	421,146
Spanish Broadcasting System Inc. 9.75% 01MAR26	600,000	507,781	534,885
Suncor Energy Inc. 5.40% 17NOV26	200,000	205,550	204,477
Sunoco LP 5.875% 15JUL27	250,000	351,850	343,766
Tamarack Valley Energy Ltd. 6.875% 25JUL30	300,000	300,000	307,049
Tamarack Valley Energy Ltd. 7.25% 10MAY27	717,000	708,053	728,876
Telesat Canada / Telesat LLC 5.625% 06DEC26	625,000	504,587	685,150
The GEO Group Inc. 8.625% 15APR29	50,000	67,470	72,174
The Hertz Corp. 12.625% 15JUL29	250,000	316,384	346,067
Tidewater Midstream and Infrastructure Ltd. 8% 30JUN29	1,286,000	1,183,376	1,009,510
Venture Global LNG Inc. 8.125% 01JUN28	350,000	483,997	486,478
Venture Global LNG Inc. 9%	650,000	810,925	704,676
Wolfsped Inc. 13.875% 23JUN30	700,000	1,072,740	1,043,516
Wolfsped Inc. 2.50% 15JUN31	45,000	57,144	91,479
Wolfsped Inc. 7% 15JUN31	75,110	104,440	83,715
		\$ 34,758,756	\$ 33,362,824
Term Loans (15.2%):			
1261229 BC Ltd. 10.5668% 25SEP30	333,325	\$ 465,660	\$ 447,725
Connacher Term Loan B 30JUL28	46,729	57,763	67,534
Diamond Sports Net LLC 12% 03JAN28	631,627	840,456	389,824
Directv Financing LLC 10.3241% 02AUG27	109,433	149,570	150,556
JELD-WEN Inc. 6.0733% 28JUL28	697,510	805,392	832,272
Pyxus Holdings Inc. / Intabex Netherlands B.V. 13.4411% 31DEC27	244,684	322,292	337,262
Pyxus Holdings Inc. 13.4411% 27DEC27	367,026	483,438	478,207
Spencer Spirit IH LLC 9.0352% 15JUL31	345,625	468,480	476,395
The EW Scripps Co. 10.2216% 30JUN28	539,267	755,618	750,699
The Hertz Corp. 8.9302% 30JUN28 TLB	97,886	122,722	113,107
The Hertz Corp. 8.9302% 30JUN28 TLC	496,024	621,877	573,150
Tronox Finance LLC 6.4646% 30SEP31	500,000	498,109	534,885
Balance to carry forward		\$ 5,591,377	\$ 5,151,616

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

# FULCRA CREDIT OPPORTUNITIES FUND

Statement of Investment Portfolio (Continued)  
(Expressed in Canadian Dollars)

December 31, 2025

Description	Number of units / shares	Average cost	Fair value
Term Loans (15.2%) (continued):			
Balance carried forward		\$ 5,591,377	\$ 5,151,616
WildBrain Ltd 11.28299% 23JUL29	881,542	1,188,656	1,233,216
WildBrain Ltd 11.28299% 23JUL29 (Revolving)	62,651	86,794	87,644
WW International Inc. 11.1196% 24JUN30	629,468	775,965	764,034
		\$ 7,642,792	\$ 7,236,510
Equities (5.4%):			
Acadian Timber Corp.	11,900	\$ 173,362	\$ 189,210
Altera Infrastructure LP	6,475	688,054	235,314
BCE Inc. Preferred Shares 3.904%	8,000	145,520	168,000
BCE Inc. Preferred Shares 4.15%	5,000	81,500	100,000
BCE Inc. Preferred Shares 5.496%	5,800	109,097	127,890
Canfor Pulp Products Inc.	500,000	178,750	247,500
Connacher Oil and Gas Ltd	9,406	129,253	297,418
Diamond Sports Net LLC	4,730	60,249	16,218
Dye & Durham Ltd.	125,000	346,413	500,000
Getty Images Holdings Inc.	100,000	176,162	183,781
GrafTech International Ltd.	1,998	30,773	42,501
Interfor Corp.	31,100	242,540	266,216
Rite Aid Corp.	1,398	140,324	1,917
Rite Aid Corp. CSMR Trust Units	95,304	62,808	1,307
Sherritt International Corp.	377,700	190,428	81,206
Tidewater Renewables Ltd.	2,700	5,930	11,475
WW International Inc.	2,412	49,614	96,645
		\$ 2,810,777	\$ 2,566,598
Government Bonds (5.3%):			
Canadian Government Bond 3% 01APR26	1,500,000	\$ 1,504,275	\$ 1,502,793
Canadian Government Bond 4.50% 01FEB26	1,000,000	1,007,059	1,001,619
		\$ 2,511,334	\$ 2,504,412
<hr/>			
Total investments (gross)		\$ 47,723,659	\$ 45,670,344
Less: Commissions and other portfolio transaction costs		(3,910)	-
<hr/>			
Total investments (95.9%)		\$ 47,719,749	\$ 45,670,344
Unrealized loss, foreign exchange forward contracts (note 9) (-0.1%)			(55,395)
Other assets, net (4.3%)			2,027,928
<hr/>			
Net Assets Attributable to Holders of Redeemable Units (100.0%)			\$ 47,642,877

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

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 1. Organization:

Fulcra Credit Opportunities Fund (the “Fund”) is a mutual fund trust formed under the laws of the Province of British Columbia. The Fund is domiciled in Canada, and the address of the Fund’s registered office is Suite 1201 - 333 Seymour Street, Vancouver, B.C., V6B 5A6. The Fund is managed by Fulcra Asset Management Inc. (the “Manager”).

The investment objective of the Fund is to generate income and long-term capital appreciation through investing primarily in debt and income-generating equity securities.

On November 27, 2023, the Fund filed a simplified prospectus with the British Columbia Securities Commission. The receipt of the final filing completed the conversion of the Fund into an Alternative Mutual Fund under the rules of National Instrument 81-102 – Investment Funds.

## 2. Basis of preparation:

### (a) Statement of compliance:

These financial statements have been prepared in compliance with IFRS Accounting Standards. The financial statements were authorized for issue by the Manager on March 31, 2026.

### (b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Fund’s functional currency.

### (c) Use of critical estimates and judgment:

The preparation of financial statements in conformity with IFRS Accounting Standards requires the Manager to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

## 3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Financial instruments:

#### (i) Recognition and measurement:

Financial instruments are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 3. Material accounting policy information (continued):

### (a) Financial instruments (continued):

#### (ii) Amortized cost:

A financial instrument is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. The Fund uses the expected credit loss model as the impairment model for financial assets measured at amortized cost.

At each reporting date, the Fund measures the loss allowance on such financial instruments classified as amortized cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses.

The Fund classifies all financial instruments other than investments and derivatives as amortized cost.

#### (iii) Fair value through other comprehensive income ("FVOCI"):

A financial instrument is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund has not classified any of its financial instruments as FVOCI.

#### (iv) Fair value through profit or loss ("FVTPL"):

All financial instruments not classified as measured at amortized cost or FVOCI (as described above) are measured at FVTPL. Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur.

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 instruments traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 3. Material accounting policy information (continued):

### (a) Financial instruments (continued):

#### (iv) Fair value through profit or loss ("FVTPL") (continued):

The Fund uses the last traded market price 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 may, on initial recognition, irrevocably elect to measure financial instruments that otherwise meets the requirements to be measured at amortized cost or at FVOCI as of FVTPL when doing so results in more relevant information.

The Fund's derivatives and investments are classified as FVTPL.

### (b) Transaction costs:

Transaction costs are included in the initial carrying amount of financial instruments, except for financial instruments classified as fair value through profit or loss, in which case transaction costs are expensed as incurred.

### (c) Redeemable units:

The Fund classifies financial instruments issued as financial liabilities in accordance with the substance of the contractual terms of the instruments. Redeemable units issued by the Fund are classified as financial liabilities measured at FVTPL. Redeemable units provide investors with the right to require redemption for cash, subject to available liquidity, at a unit price based on the Fund's net asset value ("NAV") per unit.

The Fund issues redeemable units in multiple classes and series. Each class is established to accommodate different fee structures. Within each class, units may be issued in multiple series for the purposes of calculating performance fees for individual investors.

Performance fees are calculated and accrued at the series level in accordance with the Fund's offering documents. Upon crystallization of performance fees, the net assets of the applicable series are re-designated (or merged) into a continuing series of the same class (the "Master Series") based on the NAV per unit at the date of the merger.

### (d) Foreign exchange:

The financial statements of the Fund are denominated in Canadian dollars. 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 currency gains and losses are recognized in the statement of comprehensive income.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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### 3. Material accounting policy information (continued):

(e) Income recognition:

Interest 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 except for zero coupon bonds which are amortized on a straight-line basis.

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.

Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(f) Income taxes:

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

### 4. Withholding taxes:

Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

### 5. Related party transactions:

(a) Management fees:

The Manager receives a monthly management fee, payable in arrears, equal to:

- (i) 1/12 of 1.50% of the aggregate Net Asset Value of the Class A Units;
- (ii) 1/12 of 1.50% of the aggregate Net Asset Value of the Class C Units;
- (iii) 1/12 of 1.15% of the aggregate Net Asset Value of the Class D Units; and
- (iv) 1/12 of 0.75% of the aggregate Net Asset Value of the Class F Units.

No management fees are charged to Class I units. Class I unitholders pay management fees directly to the Manager. The Manager may, at its sole discretion, offer management fee rebates to unitholders, payable in the form of special distributions.

The management fees incurred during the year amounted to \$360,356 (2024 - \$524,088). Management fees payable as of December 31, 2025 were \$36,330 (2024 - \$37,432).

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 5. Related party transactions (continued):

### (b) Performance fees:

In addition to management fees, the Manager is entitled to receive from the Fund an annual performance fee in respect of Class D and Class F redeemable units equal to 15% of the amount by which the Net Asset Value per Class D and Class F redeemable unit exceed a threshold annualized increase of 5% over the High Water Mark.

The High Water Mark for a Class D and Class F redeemable unit as of any date means: (i) during the fiscal year in which the redeemable unit is issued, its subscription price; (ii) during the subsequent fiscal year, the greater of its subscription price or the net asset value per redeemable unit as of the first day of such subsequent fiscal year if the Manager received a performance fee in respect of such redeemable unit for the prior fiscal year; and (iii) during all subsequent fiscal years, the higher of the net asset value per redeemable unit as of the first day of such fiscal year and any previous fiscal year.

Performance fees for the year ended December 31, 2025, were \$118,695 (2024 - \$22). Performance fees payable as of December 31, 2025, were \$117,087 (2024 - \$19).

### (c) Unit holdings:

As of December 31, 2025, directors and officers of the Manager owned 57,699 units of the Fund (2024 – 52,009). In addition, the Lysander-Fulcra Corporate Securities Fund, an investment fund for which the Manager acts as portfolio advisor, owned 542,719 Class I units of the Fund as of December 31, 2025 (2024 – 500,000).

# FULCRA CREDIT OPPORTUNITIES FUND

## Notes to Financial Statements

Years ended December 31, 2025 and 2024

### 6. Redeemable units:

The Fund is authorized to issue an unlimited number of units in five distinct classes of units - Class A, Class C, Class D, Class F, and Class I. Class I units are only available to investors who have separately entered into an agreement with the Manager and who meet certain other conditions as may be determined by the Manager from time to time. The unit transactions for the Fund during the years ended December 31, 2025, and 2024 are as follows:

	Outstanding redeemable units, beginning of year	Redeemable units issued for cash	Redeemable units redeemed	Redeemable units issued on reinvestment of distributions	Merger of series	Outstanding redeemable units, end of year
<b>2025</b>						
Class A - Master Series	603,041	-	(44,572)	36,104	-	594,573
Class C - Master Series	24,768	-	-	1,548	-	26,316
Class D - Master Series	186,332	-	(86,107)	5,903	-	106,128
Class D - Jan 2024 Series	2,062	-	(2,149)	87	-	-
Class D - Mar 2025 Series	-	751	(769)	18	-	-
Class F - Master Series	2,580,027	-	(627,322)	138,709	370,635	2,462,069
Class F - Feb 2022 Series	88,270	-	(90,488)	2,218	-	-
Class F - Jan 2024 Series	13,443	-	-	530	(13,973)	-
Class F - Feb 2024 Series	7,232	-	(4,343)	336	(3,225)	-
Class F - Mar 2024 Series	1,260	-	-	97	(1,357)	-
Class F - Apr 2024 Series	1,055	-	-	81	(1,136)	-
Class F - May 2024 Series	838	-	-	64	(902)	-
Class F - Jun 2024 Series	23,940	-	-	-	(23,940)	-
Class F - Jul 2024 Series	4,210	-	-	322	(4,532)	-
Class F - Aug 2024 Series	8,034	-	-	-	(8,034)	-
Class F - Nov 2024 Series	10,501	-	-	810	(11,311)	-
Class F - Dec 2024 Series	1,622	-	-	125	(1,747)	-
Class F - Jan 2025 Series	1,637	-	-	128	(1,765)	-
Class F - Feb 2025 Series	-	19,551	-	1,384	(20,935)	-
Class F - Apr 2025 Series	-	91,170	-	-	(91,170)	-
Class F - Jul 2025 Series	-	16,580	-	-	(16,580)	-
Class F - Oct 2025 Series	-	357,670	(40,981)	4,545	-	321,234
Class F - Dec 2025 Series	-	166,577	-	480	(167,057)	-
Class I - Master Series	500,000	-	-	42,719	-	542,719

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

## 6. Redeemable units (continued):

	Outstanding redeemable units, beginning of year	Redeemable units issued for cash	Redeemable units redeemed	Redeemable units issued on reinvestment of distributions	Merger of series	Outstanding redeemable units, end of year
<b>2024</b>						
Class A - Master Series	842,572	-	(278,163)	38,632	-	603,041
Class C - Master Series	25,961	-	(1,207)	14	-	24,768
Class D - Master Series	318,505	-	(152,275)	10,391	9,711	186,332
Class D - May 2023 Series	1,897	-	-	-	(1,897)	-
Class D - Jul 2023 Series	7,648	-	-	-	(7,648)	-
Class D - Jan 2024 Series	2,062	-	-	-	-	2,062
Class F - Master Series	2,385,779	-	(160,492)	111,667	243,073	2,580,027
Class F - Jan 2022 Series	8,571	-	-	-	(8,571)	-
Class F - Feb 2022 Series	83,248	-	-	5,022	-	88,270
Class F - Mar 2022 Series	29,836	-	-	-	(29,836)	-
Class F - May 2022 Series	3,534	-	-	-	(3,534)	-
Class F - Sept 2022 Series	77,296	-	-	-	(77,296)	-
Class F - Oct 2022 Series	8,416	-	-	-	(8,416)	-
Class F - Jan 2023 Series	1,735	-	-	-	(1,735)	-
Class F - Apr 2023 Series	85,065	-	-	-	(85,065)	-
Class F - Sep 2023 Series	2,323	-	-	-	(2,323)	-
Class F - Oct 2023 Series	8,001	-	-	-	(8,001)	-
Class F - Dec 2023 Series	15,785	-	-	-	(15,785)	-
Class F - Jan 2024 Series	1,220,720	-	(1,265,684)	58,407	-	13,443
Class F - Feb 2024 Series	-	6,818	-	414	-	7,232
Class F - Mar 2024 Series	-	1,193	-	67	-	1,260
Class F - Apr 2024 Series	-	1,003	-	52	-	1,055
Class F - May 2024 Series	-	800	-	38	-	838
Class F - Jun 2024 Series	-	23,940	-	-	-	23,940
Class F - Jul 2024 Series	-	4,053	-	157	-	4,210
Class F - Aug 2024 Series	-	8,034	-	-	-	8,034
Class F - Nov 2024 Series	-	10,380	-	121	-	10,501
Class F - Dec 2024 Series	-	1,611	-	11	-	1,622
Class F - Jan 2025 Series	-	1,637	-	-	-	1,637
Class I - Jan 2025 Series	-	500,000	-	-	-	500,000

## 7. Capital management:

The redeemable units issued by the Fund represent the capital of the Fund. The Fund is not subject to any internally or externally imposed restrictions on its capital. The Fund's objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 8. Financial risk management:

### (a) Risk management framework:

The Manager has discretionary authority to manage the assets in accordance with the Fund's investment objectives.

The investment objective of the Fund is to generate income and long-term capital appreciation through investments primarily in debt and income generating equity securities. In seeking to achieve the Fund's investment objective, the Manager will employ a value-based fundamental research process.

The Manager does not subscribe to the academic and conventional view that the risk of a security is best measured in terms of the volatility of its quoted market price, and hence, in order to minimize risk, one must endeavor to minimize volatility. Rather, the Manager believes that permanent capital impairment risk is minimized when the discount between the true intrinsic value of the portfolio and its quoted market price is maximized. As a result, the Manager endeavors to minimize risk by maximizing this "margin of safety"; thereby minimizing the downside risk and maximizing the upside potential.

### (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, resulting in a financial loss to the Fund. It arises principally from debt securities held, cash and cash equivalents, and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statement of financial position reflects the Fund's maximum exposure to credit risk.

The Fund may engage in transactions pursuant to which it will enter into forward contracts with a counterparty (BNYM & CIBC). Either the Fund or the counterparties to the Fund may default on their obligations, causing losses to the Fund. To minimize the Fund's counterparty risk, the Manager will utilize counterparties with high credit ratings.

As of December 31, 2025, the Fund's forward contracts are held at a financial institution with a rating of A (2024 - A).

Credit risk is monitored on a daily basis by the Manager. The majority of the credit risk to which the Fund is exposed is concentrated in debt securities. Credit risk arising from other financial instruments is not considered significant.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

## 8. Financial risk management (continued):

### (b) Credit risk (continued):

As of December 31, 2025, and 2024, the Fund was invested in debt securities with the following credit quality:

	2025	2024	2025	2024
AAA	\$ 2,900,160	\$ 1,477,988	7%	4%
A	-	499,807	0%	1%
BBB	1,165,701	2,508,277	3%	7%
BB	5,911,113	6,277,658	14%	17%
B	11,203,415	5,302,124	26%	14%
CCC	3,066,967	3,912,741	7%	10%
CC	685,150	-	1%	0%
C	1,074,275	-	2%	0%
Not Rated	17,096,965	17,853,576	40%	47%
<b>Total</b>	<b>\$ 43,103,746</b>	<b>\$ 37,832,171</b>	<b>100%</b>	<b>100%</b>

### (c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Fund's reputation.

Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity.

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within one year of the end of the reporting period of the Fund. The following were the contractual maturities of derivative instruments as of December 31, 2025, and 2024:

	Carrying amount	Gross nominal inflow (outflow)	Less than 1 month
2025	\$ (55,395)	\$ (55,395)	\$ (55,395)
2024	(60,646)	(60,646)	(60,646)

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 8. Financial risk management (continued):

### (d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments.

### (i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates. The Manager manages interest rate risk through careful selection of securities and diversification within the Fund.

A summary of the Fund's fixed income investments categorized by the earlier of contractual repricing or maturity date, is as follows:

	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Greater than 5 years</b>	<b>Total</b>
2025	\$ 8,424,614	\$ 13,032,756	\$ 14,678,649	\$ 6,967,727	\$ 43,103,746
2024	\$ 9,730,645	\$ 12,898,261	\$ 9,639,611	\$ 5,563,654	\$ 37,832,171

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### (ii) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the Canadian dollar, which is the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Trading in foreign markets exposes the Fund to currency risk as the price in local terms is converted to Canadian dollars to determine fair value.

Investments denominated in currencies other than the Canadian dollar, which is the Fund's functional currency, expose the Fund to fluctuations in foreign exchange rates. Trading in foreign markets exposes the Fund to currency risk as the price in local terms is converted to Canadian dollars to determine fair value. The Fund's currency risk is managed on a daily basis by the Manager through careful selection of securities and diversification within the Fund, as well as the use of foreign currency forward contracts to hedge currency risk.

The Fund actively seeks investment opportunities in the U.S., subject to maintaining the investment mandate of the Fund.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

## 8. Financial risk management (continued):

(d) Market risk (continued):

(ii) Currency risk (continued):

At the reporting date, the carrying value of the Fund's financial instruments held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

<b>Total exposure</b>	<b>Investments</b>	<b>Forward contracts</b>	<b>Net</b>
<b>U.S. Dollars</b>			
2025	\$ 28,128,117	\$ (27,533,282)	\$ 594,835
2024	24,187,833	(24,072,814)	115,019
<b>As % of the Fund</b>			
2025	59.0%	-57.8%	1.2%
2024	50.2%	-50.0%	0.2%

At the reporting date, had the Canadian dollar strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to holders of redeemable units would have approximately decreased or increased as follows:

<b>Approximate impact</b>	<b>Investments</b>	<b>Forward contracts</b>	<b>Net</b>
<b>U.S. Dollars</b>			
2025	\$ 1,406,406	\$ (1,376,664)	\$ 29,742
2024	1,209,392	(1,203,641)	5,751
<b>% of the Fund</b>			
2025	3.0%	-2.9%	0.1%
2024	2.5%	-2.5%	0.0%

In practice, actual results may differ from this sensitivity analysis, and the difference could be material.

# FULCRA CREDIT OPPORTUNITIES FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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## 8. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate because 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 or its issuer or factors affecting all instruments traded in the market.

Price risk is managed by the Manager by diversifying the portfolio and economically hedging using derivative financial instruments such as options or futures contracts.

There were no significant concentrations of risk to issuers as of December 31, 2025. No exposure to any other individual issuer exceeded 5% of the net assets attributable to the holders of redeemable units.

As of December 31, 2025, had equity prices increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively, by approximately \$128,330 (2024 - \$11,844) or 0.3% (2024 - 0.2%) of net assets attributable to redeemable units.

## 9. Derivative financial instruments:

The Fund may enter into various forward contracts as part of its investment strategy. Generally, a forward contract is a customized contract between two parties to purchase or sell an asset at a specified price on a future date. The Fund may use forward contracts to gain exposure to, or hedge against, changes in the value of equities, commodities, interest rates or foreign currencies. If market conditions move unexpectedly, the anticipated benefits of forward contracts may not be achieved and a loss may be realized. The use of forward contracts involves the risk of imperfect correlation in movements in the price of forward contracts and the underlying instruments or commodities.

Forward contracts are offset and the net amount presented in the statement 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 following table details the Fund's investments in forward contracts as of December 31, 2025 and 2024 related to hedging of the Fund's investments:

	Settlement date	Currency bought	Currency sold	Forward rate	Fair value	Notional amount	Unrealized gain (loss)
2025	01/29/26	CAD	USD	1.3698	\$ (27,533,281)	\$ (27,477,886)	\$ (55,395)
2024	01/30/25	CAD	USD	1.4389	\$ (24,072,814)	\$ (24,012,168)	\$ (60,646)

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# FULCRA CREDIT OPPORTUNITIES FUND

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## 10. Fair value of financial instruments:

### (a) Valuation models:

The fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs that are unobservable.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as forward currency contracts that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as forward currency contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

# FULCRA CREDIT OPPORTUNITIES FUND

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## 10. Fair value of financial instruments (continued):

### (a) Valuation models (continued):

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Fund believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Fund and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest rate swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgment is required to select the most appropriate point in the range.

### (b) Valuation framework:

The Fund has an established control framework with respect to the measurement of fair values. The Fund's investments are categorized in a three-tier hierarchy based on inputs to value the investments.

Third party information, such as broker quotes or pricing services, is used to measure fair value. The Manager obtains evidence from the third parties to support the fair value assessment obtained. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

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## 10. Fair value of financial instruments (continued):

(c) Fair value hierarchy - financial instruments measured at fair value:

The table below analyzes financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

<b>December 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Bonds	\$ 2,860,570	\$ 40,243,176	\$ -	\$ 43,103,746
Equities	1,417,779	1,148,819	-	2,566,598
	<b>\$ 4,278,349</b>	<b>\$ 41,391,995</b>	<b>\$ -</b>	<b>\$ 45,670,344</b>
<b>Liabilities</b>				
Forward contracts	\$ -	\$ 55,395	\$ -	\$ 55,395
	<b>\$ -</b>	<b>\$ 55,395</b>	<b>\$ -</b>	<b>\$ 55,395</b>
<b>December 31, 2024</b>				
<b>Assets</b>				
Bonds	\$ 7,558,959	\$ 30,273,212	-	\$ 37,832,171
Equities	1,302,452	934,436	-	2,236,888
	<b>\$ 8,861,411</b>	<b>\$ 31,207,648</b>	<b>\$ -</b>	<b>\$ 40,069,059</b>
<b>Liabilities</b>				
Forward contracts	\$ -	\$ 60,646	\$ -	\$ 60,646
	<b>\$ -</b>	<b>\$ 60,646</b>	<b>\$ -</b>	<b>\$ 60,646</b>

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

There were no transfers between levels during the years ended December 31, 2025 and 2024. The Fund did not have any level 3 financial instruments as of December 31, 2025 and 2024.

(d) Significant unobservable inputs used in measuring fair value:

The Fund did not have any level 3 financial instruments at December 31, 2025 and 2024.

(e) Effects of unobservable input on fair value measurement:

The Fund did not hold any Level 3 financial instruments at December 31, 2025 and 2024.

(f) Financial instruments not measured at fair value:

The carrying values of any financial instruments not included in note 10(c) approximate their fair values given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

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## **11. Other income:**

The Fund recognized other income of \$179,476 (2024 - \$442,652) during the year ended December 31, 2025. Other income primarily consists of fees received from issuers of securities held by the Fund in connection with bankruptcy proceedings and corporate restructuring activities.

## **12. Fees paid to Auditors:**

For the year ended December 31, 2025, fees paid or payable to KPMG LLP and its network firms for the audit services to the Fund were \$45,024 (2024 - \$64,240).