Qwest
INVESTMENT MANAGEMENT

Qwest Productivity Media Income Trust

Financial Statements
December 31, 2022

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Qwest Productivity Media Income Trust:

Opinion

We have audited the financial statements of Qwest Productivity Media Income Trust (the "Trust"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(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 Trust as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Trust 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.

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 Trust'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 Trust'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 Trust 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 19, 2023

Qwest Productivity Media Income Trust

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Assets			
Current assets:			
Cash		$ 214,894	$ 155,939
Subscriptions receivable		797,086	1,621,082
Dividends receivable		1,312,816	1,182,396
Investments		103,912,490	93,409,316
Interest receivable		731	-
Prepaid expenses		1,612	-
		106,239,629	96,368,733
Liabilities			
Current liabilities:			
Redemption payable		2,717,901	239,206
Distribution payable		626,586	616,019
Management fees payable	4	59,011	54,169
Accounts payable and accrued liabilities		56,831	39,066
		3,460,329	948,460
Net assets attributable to holders of redeemable units		$ 102,779,300	$ 95,420,273
Net assets attributable to holders of redeemable units:			
Series A		$ 12,205,171	$ 11,794,901
Series F		90,574,129	83,625,372
		$ 102,779,300	$ 95,420,273
Number of redeemable units outstanding:	5		
Series A		1,002,693	997,875
Series F		7,178,145	6,807,379
Net assets attributable to holders of redeemable units per unit:			
Series A		$ 12.17	$ 11.82
Series F		12.62	12.28

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

Approved on behalf of the Board of Directors of
Qwest Investment Fund Management:

Sohail Thobani, Director

Maurice Levesque, Director

Qwest Productivity Media Income Trust

Statement of Comprehensive Income

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Revenue:			
Dividend income		$ 5,127,678	$ 4,429,432
Interest income		7,626	-
Early redemption fees		-	9,574
Realized gain on sale of investments, including foreign exchange adjustments		130,788	-
Change in unrealized appreciation in value of investments		3,516,386	3,084,380
		8,782,478	7,523,386
Expenses:			
Management fee	4	692,750	607,780
Administrative fees	4	176,400	176,400
Unitholder recordkeeping and fund accounting fees		127,526	108,725
HST expense		21,101	9,158
Audit fees		19,941	11,445
Filing fees		15,384	19,314
Agency fees		11,445	16,381
Legal fees		10,688	25,341
Securityholder reports		2,341	2,350
FundSERV		2,009	7,546
Bank charges		1,779	3,694
Operating fees		596	1,528
		1,081,960	989,662
Increase in net assets attributable to holders of redeemable units		$ 7,700,518	$ 6,533,724
Increase in net assets attributable to holders of redeemable units:			
Series A		$ 871,101	$ 765,718
Series F		6,829,417	5,768,006
		$ 7,700,518	$ 6,533,724
Increase in net assets attributable to holders of redeemable units per unit:			
Series A		$ 0.87	$ 0.81
Series F		0.96	0.91

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

Qwest Productivity Media Income Trust

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2022, with comparative information for 2021

2022	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued*	Redemption of redeemable units*	Distributions to investors from net investment income	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
Series A	$ 11,794,901	$ 802,783	$ (929,594)	$ (516,324)	$ 182,304	$ 871,101	$ 12,205,171
Series F	83,625,372	19,574,490	(17,270,799)	(4,418,177)	2,233,826	6,829,417	90,574,129
	$ 95,420,273	$ 20,377,273	$ (18,200,393)	$ (4,934,501)	$ 2,416,130	$ 7,700,518	$ 102,779,300

* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2022 were $336,954 and $(336,954), respectively.

2021	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued**	Redemption of redeemable units**	Distributions to investors from net investment income	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
Series A	$ 10,932,443	$ 1,538,362	$ (1,139,387)	$ (460,719)	$ 158,484	$ 765,718	$ 11,794,901
Series F	73,762,739	27,625,357	(21,335,401)	(3,798,063)	1,602,734	5,768,006	83,625,372
	$ 84,695,182	$ 29,163,719	$ (22,474,788)	$ (4,258,782)	$ 1,761,218	$ 6,533,724	$ 95,420,273

**Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2021 were $846,486 and $(846,486), respectively.

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

Qwest Productivity Media Income Trust

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Increase in net assets attributable to holders of redeemable units	$ 7,700,518	$ 6,533,724
Adjustments for non-cash items:		
Realized gain on sale of investments, including foreign exchange adjustments	(130,788)	-
Change in unrealized appreciation in value of investments	(3,516,386)	(3,084,380)
Change in non-cash balances:		
Dividend income	(5,127,678)	(4,429,432)
Interest income	(7,626)	-
Prepaid expenses	(1,612)	-
Management fee payable	4,842	6,090
Accounts payable and accrued liabilities	17,765	17,256
Dividend received	4,997,258	4,291,516
Interest received	6,895	-
Proceeds from sale of investments	8,921,000	14,984,000
Purchase of investments	(15,777,000)	(22,795,000)
Net cash used in operating activities	(2,912,812)	(4,476,226)
Financing activities:		
Proceeds from redeemable units issued	20,864,315	28,256,532
Redemption of redeemable units	(15,384,744)	(21,589,028)
Distribution paid in cash	(2,507,804)	(2,457,365)
Net cash provided by financing activities	2,971,767	4,210,139
Increase (decrease) in cash	58,955	(266,087)
Cash, beginning of year	155,939	422,026
Cash, end of year	$ 214,894	$ 155,939

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

Qwest Productivity Media Income Trust

Schedule of Investment Portfolio

Year ended December 31, 2022

Description		Number of units	Average cost $	Fair value $	Net assets %
Canadian Fixed Income:					
Royal Bank of Canada Redeemable GIC 4.6% January 1, 2023		200,000	200,000	200,000	0.19
Productivity Media Income Fund 1, LP:					
Master Series	Class C	945,576	10,384,935	12,622,607	12.28
Master Series	Class F	5,918,352	71,991,059	83,087,808	80.84
January 2022 Series	Class C	4,500	45,000	46,653	0.05
January 2022 Series	Class F	121,600	1,216,000	1,260,674	1.23
February 2022 Series	Class C	16,500	165,000	169,914	0.17
February 2022 Series	Class F	34,700	347,000	357,334	0.35
March 2022 Series	Class C	21,600	216,000	221,037	0.22
April 2022 Series	Class F	566,700	5,667,000	5,835,522	5.68
September 2022 Series	Class C	11,000	110,000	110,941	0.11
Total portfolio of investments			90,341,994	103,912,490	101.12
Cash				214,894	0.21
Other assets, net of liabilities				(1,348,084)	(1.33)
Net assets attributable to holders of redeemable units				102,779,300	**100.00**

1. General information:

Qwest Productivity Media Income Trust (the "Trust") is an open-ended unit trust formed on March 17, 2016 under the laws of the Province of Alberta by a trust agreement dated March 17, 2016. The address of the Trust's registered office is Four Bentall Centre, Suite 732, 1055 Dunsmuir Street, Vancouver, British Columbia, V6C 2T8. The Trust consists of two classes of trust units, Class A and Class F.

The principal purpose of the Trust is to provide unitholders with a high level of income, superior risk adjusted returns and potential for long-term income generation on select investments with moderate volatility and low correlations to traditional asset classes. The Trust achieves its returns to by investing all or substantially all of its assets in the Productivity Media Income Fund I LP (the "PMI Partnership").

The trustee of the Trust is Computershare Trust Company of Canada (the "Trustee"). The Trustee delegated the exclusive power and sole responsibility to manage the business and affairs of the Trust to Qwest Investment Fund Management Ltd. (the "Manager"). The Manager is responsible for providing or arranging for the provision of administrative services required by the Trust and also serves as a portfolio advisor to the Trust. The Manager also provides key management personnel to the Trust.

These financial statements were authorized for issuance by the Manager of the Trust on April 19, 2023.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement:

These financial statements were prepared on a historical cost basis, except for investments, which are measured at fair value.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS 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.

2. Basis of presentation (continued):

(d) Use of estimates and judgment (continued):

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in note 6 and relate to the determination of fair value of investments with significant unobservable inputs.

3. Significant accounting policies:

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

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

A financial asset 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 interest on the principal amount outstanding.

A financial asset 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 interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Trust may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Trust changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Trust has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at FVTPL, such as derivatives liabilities. The Trust may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit and loss:

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. The Trust's investments are classified as FVTPL.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Fair value through profit and loss (continued):

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

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost:

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Trust classifies cash, subscriptions receivable, dividends receivable, interest receivable, redemption payable, distribution payable, management fees payable, and accounts payable and accrued liabilities as amortized cost.

3. Significant accounting policies (continued):

(b) Redeemable units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Trust has designated the redeemable units as financial liabilities at FVTPL because they are managed and their performance evaluated on a fair value basis. The redeemable units provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Trust's valuation policies at each redemption date.

(c) Income recognition:

Interest income is recognized on an accrual basis. Portfolio transactions are recorded on the trade date. 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. Realized gains and losses arising from the sale of investments are determined on the cost basis of the respective investments.

(d) Income taxes:

The Trust qualifies as a unit trust under the Income Tax Act (Canada). All of the Trust'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 Trust. As a result, the Trust does not record income taxes.

4. Related party transactions:

(a) Management fees:

Under the trust agreement, the Manager receives a management fee based on the net asset value attributable to holders of redeemable units on each valuation day at the following annualized rates:

Class A	1.50%
Class F	0.50%

The investment management fees incurred during the year amounted to $692,750 (2021 - $607,780). As at December 31, 2022, $59,011 of investment management fees were payable to the Manager (2021 - $54,169).

In addition, the Manager is entitled to an incentive allocation payable annually by the general partner of PMI Partnership (the "General Partner") and is equal to 5% of the gross incentive allocation payable to the General Partner by PMI Partnership. No incentive allocation was receivable by the Manager as at December 31, 2022 (2021 - nil).

4. Related party transactions (continued):

(b) Other related party transactions:

During the year ending December 31, 2022, an administrative fee of $176,400 (2021 - $176,400) was paid to Heritage. Heritage provides general administrative services to the Trust and is related to the Trust by virtue of having Directors in common with the Manager of the Trust.

5. Redeemable units:

The Trust is authorized to issue an unlimited number of Class A and Class F units. Units issued and outstanding represents the capital of the trust. The trust is not subject to any internally or externally imposed restrictions on their capital. The fund manager manages the capital of the Trust in accordance with the Trust's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions.

Class A units are available to all investors who have commission-based accounts with their dealers. Class F units are available to investors who have fee-based accounts with their dealers.

The unit transactions for the Trust during the year ended December 31 are as follows:

	Redeemable units, beginning of year	Redeemable units issued	Redemption of redeemable units	Reinvestments of units	Redeemable units, end of year
December 31, 2022:					
Series A	997,875	66,890	(77,258)	15,186	1,002,693
Series F	6,807,379	1,574,963	(1,383,412)	179,215	7,178,145

	Redeemable units, beginning of year	Redeemable units issued	Redemption of redeemable units	Reinvestments of units	Redeemable units, end of year
December 31, 2021:					
Series A	950,885	131,358	(97,913)	13,545	997,875
Series F	6,162,513	2,269,150	(1,755,963)	131,679	6,807,379

6. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Trust 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 Trust 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 Trust uses widely recognized valuation models for determining the fair value of common and more simple financial instruments 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 OTC derivatives such as interest rate swaps. 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.

6. Fair value of financial instruments (continued):

(a) Valuation models (continued):

For more complex instruments, the Trust uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Trust 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 Trust and the counterparty where appropriate.

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 Manager has engaged SGGG to value the net assets of the Trust on a monthly basis. SGGG obtains pricing for level 1 financial instruments from a third-party pricing vendor. The Manager is responsible for performing the fair value measurements of financial instruments in Levels 2 and 3.

The Trust has an established control framework with respect to the measurement of fair values. This framework includes an investment committee, which is independent of front office management and reports to the Manager’s Board of Directors.

Specific controls include:

- verification of observable pricing inputs;
- calibration of models against observed market transactions;
- analysis and investigation of significant monthly valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information is used to measure fair value, Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes understanding how the fair value has been arrived at and the extent to which it represents actual market transactions.

6. Fair value of financial instruments (continued):

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

The table below analyses 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. All fair value measurements below are recurring.

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income	$ -	$ 200,000	$ -	$ 200,000
Investments	-	-	103,712,490	103,712,490
	$ -	$ 200,000	$ 103,712,490	$ 103,912,490

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Investments	$ -	$ -	$ 93,409,316	$ 93,409,316

The carrying amount of the Trust's net assets attributable to holders of 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 financial instruments transferred into or out of Level 1 during the years ended December 31, 2022 and 2021.

Beginning balance, January 1, 2022	$ 93,409,316
Purchases	15,777,000
Sales	(8,921,000)
Realized gains included in net income	130,788
Change in unrealized appreciation included in net income	3,516,386
Ending balance, December 31, 2022	$103,912,490

Beginning balance, January 1, 2021	$ 82,513,936
Purchases	22,795,000
Sales	(14,984,000)
Change in unrealized appreciation included in net income	3,084,380
Ending balance, December 31, 2021	$ 93,409,316

6. Fair value of financial instruments (continued):

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

The table below sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

2022 Description	Fair value	Valuation technique	Unobservable input	Amount / Range	Sensitivity to change In significant Unobservable input
Unlisted limited partnership	$103,712,490	Unadjusted net asset value	Net asset value	$103,712,490	The estimated fair value would increase if the net asset value were higher

2021 Description	Fair value	Valuation technique	Unobservable input	Amount / Range	Sensitivity to change In significant Unobservable input
Unlisted limited partnership	$ 93,409,316	Unadjusted net asset value	Net asset value	$ 93,409,316	The estimated fair value would increase if the net asset value were higher

Significant unobservable inputs are developed as follows:

(*i*) Net asset value:

Represents the net asset value of the unlisted private equity fund. The manager values these funds based on the latest available information provided by the underlying fund managers.

The underlying assets of PMI Partnership consist of financial instruments which are not quoted in active markets and consist of loans and investments in private entities which are reported at estimated fair value. To estimate fair value, PMI Partnership make use of observable data, to the extent practicable. PMI Partnership categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required. Unlisted investments or investments that have no active market are valued at fair value using industry recognized valuation methods which may include expected future cash flows discounted at appropriate discount rates and comparable peer group valuations adjusted for company specific circumstances.

6. Fair value of financial instruments (continued):

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

(*i*) Net asset value (continued):

The value of loans held by PMI Partnership will be the outstanding principal on the reporting date subject to fair market value or impairment adjustments in keeping with PMI Partnership's operating policies which include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs.

In accordance with the limited partnership agreement with PMI Partnership (the "Partnership Agreement"), the Trust is only permitted to redeem a maximum of 25% of the net asset value of its units per quarter.

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

Although the Trust believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on net assets attributable to holders of non-redeemable units.

	2022	2021
Favorable	$ 10,371,249	$ 9,340,932
Unfavorable	(10,371,249)	(9,340,932)

The favorable and unfavorable effects of using reasonably possible alternative assumptions for the valuation of unlisted private investments have been calculated by recalibrating the model values using unobservable inputs based on ranges of possible estimates. The recalibrated model considers the impact of a change in the net asset value of 10%.

(f) Financial instruments not measured at fair value:

The carrying value of cash, subscriptions receivable, dividends receivable, interest receivable, redemptions payable, distribution payable, management fees payable, and accounts payable and accrued liabilities approximates their fair value 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.

7. Financial risk management:

(a) Risk management framework:

The Trust invests all or substantially all of its assets in PMI Partnership, an unlisted limited partnership. The investment strategy of PMI Partnership is applicable to the Trust to the extent that the Trust's assets are invested in PMI Partnership. The investment objective of PMI Partnership is to construct unique investment structures whereby it actively participates as a producer or in a similar role for movie productions and by utilizing asset-based debt and revenue participation structures negotiated on a one-off basis with Canadian, American, United Kingdom and Australian motion pictures and television companies and special purpose vehicles.

The Manager has been given discretionary authority to manage the assets in line with the Trust's investment objectives. Compliance with the Trust's investment policy is monitored by the Manager on a monthly basis.

(b) 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 Trust's income or the fair value of its holdings of financial instruments.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective. The fundamental investment objective of the Trust is to provide a high level of income, superior risk adjusted returns and potential for long-term income generation on select investments with moderate volatility and low correlations to traditional asset classes.

The Trust's market risk is managed on a monthly basis by the Manager in accordance with the policies and procedures in place. The market risk of PMI Partnership is applicable to the Trust to the extent that the Trust's assets are invested in PMI Partnership.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market interest rates. The Trust is not exposed to significant interest risk.

(ii) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Trust will fluctuate due to changes in foreign exchange rates. The schedule of investment portfolio identifies all investments denominated in foreign currencies. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Canadian dollar, the Trust's functional currency, in determining fair value.

The Trust is not exposed to significant currency risk.

7. Financial risk management (continued):

(b) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The major concentration risk of the Trust is limited to its investment in PMI which comprises 101% of net assets (2021 - 98%). PMI Partnership seeks to diversify the assets of its portfolio among jurisdictions, producers, collateral and genres.

The value of the Trust's investments are affected by both general market factors as well as specific company factors. If the value of the Trust's investments were to increase by 10%, the resulting impact on net assets would be $10,371,249 (2021 - $9,340,932).

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

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with reputable counterparties.

Credit risk is monitored on a monthly basis by the Manager in accordance with the policies and procedures in place. The credit risk of PMI Partnership is applicable to the Trust to the extent that the Trust's assets are invested in PMI Partnership. As at December 31, 2022 PMI Partnership has credit risk exposure equal to 101% of its net asset value (2021 - 98%) relating to the production entities the investment project loans are granted to. PMI Partnership manages credit risk by performing a risk assessment on all loans prior to entering into an agreement.

7. Financial risk management (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. All of the Trust's liabilities are short term in nature and due to be settled within 12-months of the period end.

The Trust's policy and 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 without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust's offering memorandum provides for the monthly creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at each redemption date.

In accordance with the limited partnership agreement with PMI Partnership (the "Partnership Agreement"), the Trust is only permitted to redeem a maximum of 25% of the net asset value of its units per quarter. As a result, the Trust may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

8. Capital management:

The redeemable units issued by the Trust represent the capital of the Trust. The Trust'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.

9. Income taxes:

As at December 31, 2022, the Trust has $42,423 (2021 - $42,423) of net realized capital losses available for utilization against net realized capital gains in future years. As at December 31, 2022, the Trust has non-capital losses of nil (2021 - nil) available for utilization against net realized capital gains or non-capital gains in future years.

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains.