



# Management Report of Fund Performance

TSX

**INCM**

This interim management report of fund performance contains financial highlights, however, but does not contain either the interim or annual financial statements of the investment fund. You can obtain a copy of the interim or annual financial statements at your request, and at no cost, by calling 1 855-892-0740, by writing to us at Accelerate Financial Technologies Inc., Suite 310, 140 10 Avenue SE, Calgary, AB T2G 0R1 attention: Accelerate Client Services, or by visiting our website at <https://accelerateshares.com> or SEDAR at [www.sedar.com](http://www.sedar.com).

# **Accelerate Diversified Credit Income Fund**

## **Annual Management Report of Fund Performance**

*For the period ended June 30, 2025*

### **Investment Objective and Strategies**

Accelerate Diversified Credit Income Fund (the “Fund”, “INCM”) seeks to deliver exposure to alternative sources of income compared to traditional fixed income funds by focusing on, but not limited to, the private credit, direct lending, asset-backed and mortgage-backed securities market. INCM gains exposure to listed securities containing direct loans to private corporations, collateralized loans and mortgages, along with other debt instruments such as collateralized loan obligations (CLOs) by investing in listed business development companies (BDCs), closed-end funds (CEFs) and Exchange-Traded Funds (ETFs), with an emphasis on BDCs and CEFs holding floating-rate loans. In addition, INCM may hold additional securities or funds including private credit secondary funds, broadly syndicated loans, or direct loans to corporations.

In order to achieve its investment objective, INCM engages in an investment strategy by investing primarily in long positions in the securities of listed business development companies (BDCs), closed-end funds (CEFs), or funds managed by third-party managers, that are listed on an exchange or marketplace in Canada or the U.S. In addition, INCM may hold additional securities or funds including private credit secondary funds, broadly syndicated loans, or direct loans to corporations.

INCM is expected to have an approximately 100% exposure to the long portfolio.

Security selection of the long portfolio considers the security’s market capitalization, liquidity, net asset value discount/premium, yield, structure, and the issuer’s strategy, underwriting policies, capabilities and historical outcomes. INCM may, in compliance with NI 81-102, lend securities to securities borrowers who are acceptable to it. Currently, it is not expected that INCM will engage in securities lending transactions.

INCM may also hold cash and cash equivalents. For purposes of a merger, termination or other transaction, INCM may hold all or a portion of its assets in cash or money market instruments. As a result, in these circumstances, INCM may not be fully invested in accordance with its investment objectives.

### **Risk**

The risks associated with an investment in the Funds are described in the prospectus. During the period that began January 1, 2025 and ended June 30, 2025, there have been no changes to the Fund that materially affected the risk level of the Fund.

### **Results of Operations**

The ETF’s units were available since May 15, 2024, and the net asset value of the Fund was \$66.7 million as at June 30, 2025. Investment performance is not provided for INCM.B that has been available for less than one year.

## Leverage

The aggregate market exposure of all instruments held directly or indirectly by INCM, calculated daily on a mark-to-market basis, can exceed the net asset value of INCM, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the Fund. Under normal market conditions, the amount of leverage used, directly or indirectly, by the Fund, expressed as a ratio of total underlying notional value of the securities and/or financial derivative positions of INCM divided by the net assets of INCM, will be rebalanced approximately monthly to target 1:1.

The table below states the minimum and maximum leverage levels for the ETF for the period ended June 30, 2025; the ETF's leverage at the end of the reporting period; and, approximately what that leverage represents as a percentage of the ETF's net assets.

<b>INCM Reporting Period</b>	<b>Minimum Leverage</b>	<b>Maximum Leverage</b>	<b>Leverage at end of Reporting Period</b>	<b>Approximate Percentage of Net Assets</b>
June 30, 2025	0.98	1.01	0.98	98%

## Market Risk

In February 2025, the United States announced three executive orders directing the United States to impose new tariffs on imports originating from Canada, Mexico, and China. In response, the Canadian and Mexican governments announced retaliatory tariffs and trade protectionist measures. The situation remains uncertain as tariffs have not yet been implemented, and further negotiations could occur. The General Partner/Manager will continue to monitor and assess the potential impacts on its business and operations. Material market disruptions, such as tariffs, retaliatory tariffs, or other trade protectionist measures, can adversely impact local and global markets and normal market operations. Such disruptions could have an adverse impact on the value of the Funds' investments and performance.

Subsequent to year end, changes in U.S. policy and administration led to announced changes in trade arrangements among the U.S., Canada, and Mexico. The potential for changes in existing trade agreements, the imposition of new tariffs, and retaliatory tariffs or greater restrictions on trade in general may lead to more significant economic and market uncertainty. Should material market changes materialize, these may impact the fund performance and underlying investments.

## Related Party Transactions

Accelerate Financial Technologies Inc. ("Accelerate", the "Manager") is the trustee, manager, and portfolio advisor of the Fund. The Manager is responsible for the daily administration of the fund and for services rendered will not accept a management fee, however, will receive a performance fee. Performance fees are paid quarterly to the Manager.

Accelerate has decided to cover the costs relating to the inception of the fund and other ongoing expenses (for a temporary period). The Fund will incur performance fees, expenses related brokerage expenses and commissions,

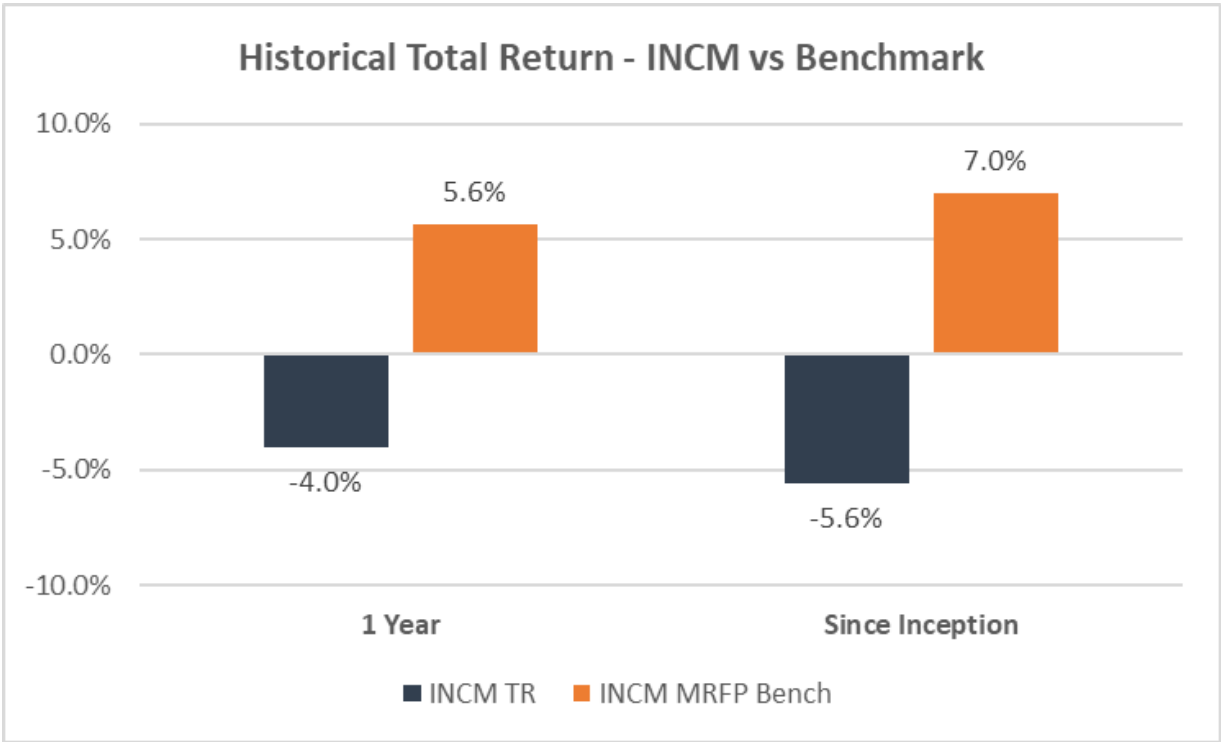
income taxes, withholding taxes, any applicable harmonized sales tax (“HST”), goods and services tax (“GST”) or other sales taxes.

**Management Fee**

The Accelerate Diversified Credit Income Fund will pay the Manager a management fee 0.75% based on the average daily NAV of the Units of the Fund. The management fee, plus applicable GST/HST, is calculated and accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

**Past Performance**

The following chart represents the performance of the Fund versus its benchmark, a one year period from June 2024 to June 2025. The Fund's units were available since May 15, 2024.



## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

### Accelerate Diversified Credit Income Fund

#### USD Units

#### Financial Highlights

For the period ended	2025-06-30	2024-12-31
Net assets attributable to holders of redeemable units per unit, beginning of the period <sup>1</sup>	19.64	20.00
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>		
Investment income	1.16	1.95
Total expenses	(0.25)	(0.46)
Realized gains (losses) for the period	(0.71)	(0.10)
Unrealized gains (losses) for the period	(2.06)	0.66
<b>Total increase (decrease) in net assets attributable to holders of redeemable units<sup>2</sup></b>	<b>(1.86)</b>	<b>2.05</b>
<b>Distribution to holders of redeemable units per unit:</b>		
Net investment income (excluding dividends)	0.82	0.84
Return of capital	-	0.34
<b>Total distribution to holders of redeemable units</b>	<b>0.82</b>	<b>1.18</b>
<b>Net assets attributable to holders of redeemable units, end of period<sup>1</sup></b>	<b>17.02</b>	<b>19.64</b>

#### Ratios & Supplemental Data

Net assets attributable to holders of redeemable units, end of period (\$) (000's)	50,215	51,054
Number of outstanding redeemable units (000's)	2,950	2,600
Net Assets attributable to holders of redeemable units per unit (\$)	17.02	19.64
Management expense ratio <sup>4</sup> (%)	1.39	1.37
Management expense ratio before absorption	1.36	1.66
Portfolio turnover rate <sup>5</sup> (%)	15.57	21.06
Trading expense ratio <sup>6</sup> (%)	0.01	0.03

1. The financial highlights are derived from the financial statements prepared in accordance with IFRS. IFRS allows net assets to be calculated based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread.

2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) in net assets attributable to holders of redeemable units is based on the weighted average number of units outstanding over the financial year.

3. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the period.

4. The ETF's portfolio turnover rate indicates how actively the ETF's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

**Accelerate Diversified Credit Income Fund****Hedged Units****Financial Highlights****For the period ended****2025-06-30**

<b>Net assets attributable to holders of redeemable units per unit, beginning of the period<sup>1</sup></b>	16.64
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>	
Investment income	0.13
Total expenses	(0.03)
Realized gains (losses) for the period	(0.08)
Unrealized gains (losses) for the period	(0.23)
<b>Total increase (decrease) in net assets attributable to holders of redeemable units<sup>2</sup></b>	<b>(0.21)</b>
<b>Distribution to holders of redeemable units per unit:</b>	
Net investment income (excluding dividends)	0.17
<b>Total distribution to holders of redeemable units</b>	<b>0.17</b>
<b>Net assets attributable to holders of redeemable units, end of period<sup>1</sup></b>	<b>17.01</b>

**Ratios & Supplemental Data**

Net assets attributable to holders of redeemable units, end of period (\$) (000's)	16,585
Number of outstanding redeemable units (000's)	975
Net Assets attributable to holders of redeemable units per unit (\$)	17.01
Management expense ratio <sup>4</sup> (%)	1.39
Management expense ratio before absorption	1.36
Portfolio turnover rate <sup>5</sup> (%)	15.57
Trading expense ratio <sup>6</sup> (%)	0.01

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2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) in net assets attributable to holders of redeemable units is based on the weighted average number of units outstanding

3. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the period.

4. The ETF's portfolio turnover rate indicates how actively the ETF's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

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# Accelerate Diversified Credit Income Fund

## Summary of Investment Portfolio as at June 30, 2025

Sector Mix	
	% of ETF's Net Asset Value
Financials	98.4
Other Assets Less Liabilities	1.6
	<u>100.0</u>

Geographic Mix	
	% of ETF's Net Asset Value
United States of America	98.4
Other Assets Less Liabilities	1.6
	<u>100.0</u>

Top 25 Issuers	
	% of ETF's Net Asset Value
1 Ares Capital Corp. *	10.1
2 FS KKR Capital Corp.*	10.0
3 Owl Rock Capital Corp. *	9.8
4 Golub Capital BDC Inc. *	8.7
5 Goldman Sachs BDC Inc. *	7.3
6 Oaktree Specialty Lending Corp. *	6.9
7 Morgan Stanley Direct Lending Fund *	6.9
8 Carlyle Secured Lending Inc. *	6.5
9 Blackstone Secured Lending Fund *	6.0
10 MidCap Financial Investment Corp. *	5.5
11 Nuveen Churchill Direct Lending Corp. *	3.8
12 Kayne Anderson BDC Inc. *	3.2
13 Bain Capital Specialty Finance Inc. *	3.1
14 New Mountain Finance Corp. *	2.5
15 Crescent Capital BDC Inc. *	1.8
16 PennantPark Floating Rate Capital Ltd. *	1.5
17 Palmer Square Capital BDC Inc. *	1.4
18 BlackRock TCP Capital Corp. *	1.3
19 SLR Investment Corp. *	1.1
20 CION Investment Corp. *	0.9
	<u>98.4</u>

**Total Net Asset Value: \$ 66,799,866**

## Forward-Looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in Canada, United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. Please note this is not an exhausted list of factors. Careful consideration of these and other factors should be made before making investment decisions and urge investors to avoid placing undue reliance on forward-looking statements.

Accelerate Financial Technologies Inc.  
Suite 310, 140 10 Avenue SE,  
Calgary, AB T2G 0R1  
1-855-892-0740  
[info@accelerateshares.com](mailto:info@accelerateshares.com)