

SEMI-ANNUAL  
FINANCIAL  
STATEMENTS  
2021

SENTRY SELECT PRIMARY  
METALS CORP.

June 30, 2021

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CI Investments Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

# Sentry Select Primary Metals Corp.

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by CI Investments Inc., the Manager of the Sentry Select Primary Metals Corp. (the "Fund"), and approved by the Board of Directors. The Fund's Manager is responsible for the information and representations contained in these financial statements and other sections of this report. CI Investments Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in Note 2 to the financial statements.

Toronto, Ontario  
August 16, 2021



Darie Urbanky  
President

**CI Investments Inc.**



David Poster  
Chief Financial Officer

**CI Investments Inc.**

# Sentry Select Primary Metals Corp.

Financial Statements (unaudited)

## Statements of Financial Position

(in \$000's except for per share amounts and shares outstanding)

	Jun. 30, 2021	Dec. 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Investments	26,628	35,299
Investments pledged as collateral	-	-
Cash	2,196	1,721
Unrealized gain on futures and foreign currency forward contracts	-	-
Fees rebate receivable	-	-
Dividends receivable	5	10
Receivable for distribution from investments	-	-
Interest receivable	-	-
Receivable for investments sold	112	15
Receivable for share subscriptions	-	-
	28,941	37,045
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Unrealized loss on futures and foreign currency forward contracts	-	-
Payable for investments purchased	376	-
Payable for share redemptions	-	-
Dividends payable to holders of redeemable shares	138	170
Management fees payable	29	37
Administration fees payable	26	39
Service fees payable	33	41
Accounts payable and accrued liabilities	3	3
	605	290
<b>Net assets attributable to holders of redeemable shares</b>	<b>28,336</b>	<b>36,755</b>
<b>Net assets attributable to holders of redeemable shares per share:</b>		
Class A	3.09	3.24
<b>Number of redeemable shares outstanding:</b>		
Class A	9,183,669	11,338,274

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

# Sentry Select Primary Metals Corp.

Financial Statements (unaudited)

## Statements of Comprehensive Income

for the periods ended June 30 (in \$000's except for per share amounts and number of shares)

	2021	2020
<b>Income</b>		
Net gain (loss) on investments and derivatives		
Dividends	100	63
Interest for distribution purposes	1	7
Derivative income (loss)	-	-
Income distributions from investments	-	-
Net realized gain (loss) on sale of investments and derivatives	2,275	170
Change in unrealized appreciation (depreciation) in value of investments and derivatives	(3,129)	11,242
<b>Total net gain (loss) on investments and derivatives</b>	<b>(753)</b>	<b>11,482</b>
Other income		
Commitment fee income	-	-
Foreign exchange gain (loss) on cash	(8)	4
Miscellaneous foreign income	-	-
<b>Total other income</b>	<b>(8)</b>	<b>4</b>
<b>Total income</b>	<b>(761)</b>	<b>11,486</b>
<b>Expenses</b>		
Management fees (Note 4)	176	152
Administration fees	1	-
Commissions and other portfolio transaction costs	90	143
Shareholder reporting costs	2	-
Distribution service fees	16	6
Audit fees	2	2
not required Transfer agency fees	9	2
Legal fees	-	-
Custody fees	-	1
Service fees (Note 4)	61	52
Independent review committee fees	1	-
Interest expense	-	-
Withholding taxes	1	1
Harmonized sales tax	26	21
<b>Total expenses</b>	<b>385</b>	<b>379</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	<b>(1,146)</b>	<b>11,107</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares per share:</b>		
Class A	(0.11)	0.87
<b>Weighted average number of shares:</b>		
Class A	10,635,944	12,736,622

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

# Sentry Select Primary Metals Corp.

Financial Statements (unaudited)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares  
for the periods ended June 30 (in \$000's)

	2021	2020
<b>Class A</b>		
<b>Net assets attributable to holders of redeemable shares at the beginning of period</b>	36,755	29,290
Increase (decrease) in net assets attributable to holders of redeemable shares	(1,146)	11,107
<b>Dividends to holders of redeemable shares</b>		
From net investment income	-	-
From net realized gains	-	-
Return of capital	(956)	(1,147)
<b>Total dividends to holders of redeemable shares</b>	(956)	(1,147)
<b>Redeemable share transactions</b>		
Proceeds from redeemable shares issued	-	-
Reinvestment of dividends to holders of redeemable shares	-	-
Redemption of redeemable shares	(6,317)	(4,674)
<b>Net increase (decrease) from redeemable share transactions</b>	(6,317)	(4,674)
<b>Net increase (decrease) in net assets attributable to holders of redeemable shares</b>	(8,419)	5,286
<b>Net assets attributable to holders of redeemable shares at the end of period</b>	28,336	34,576

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

# Sentry Select Primary Metals Corp.

Financial Statements (unaudited)

## Statements of Cash Flows

for the periods ended June 30 (in \$000's)

	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	(1,146)	11,107
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(2,275)	(170)
Unrealized foreign exchange (gain) loss on cash	-	-
Commissions and other portfolio transaction costs	90	143
Change in unrealized (appreciation) depreciation in value of investments and derivatives	3,129	(11,242)
Proceeds from sale and maturity of investments and derivatives	21,064	33,945
Purchase of investments and derivatives	(13,058)	(27,639)
Non-cash distributions from investments	-	-
(Increase) decrease in dividends receivable	5	(5)
(Increase) decrease in interest receivable	-	-
Increase (decrease) in management fees payable	(8)	4
Increase (decrease) in administration fees payable	(13)	(28)
Change in other accounts receivable and payable	(8)	2
<b>Net cash from (used in) operating activities</b>	<b>7,780</b>	<b>6,117</b>
<b>Cash flows from (used in) financing activities</b>		
Dividends paid to holders of redeemable shares, net of reinvested dividends	(988)	(1,179)
Proceeds from issuance of redeemable shares	-	-
Amounts paid on redemption of redeemable shares	(6,317)	(4,674)
<b>Net cash from (used in) financing activities</b>	<b>(7,305)</b>	<b>(5,853)</b>
Unrealized foreign exchange gain (loss) on cash	-	-
Net increase (decrease) in cash	475	264
Cash (bank overdraft), beginning of period	1,721	1,117
<b>Cash (bank overdraft), end of period</b>	<b>2,196</b>	<b>1,381</b>
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	104	57
Interest received, net of withholding tax*	1	7
Dividends paid*	-	-
Interest paid*	-	-
Tax recoverable (paid)	-	-

\*Dividends and interest received as well as dividends and interest paid relate to operating activities of the Fund.  
The accompanying notes are an integral part of these financial statements.

# Sentry Select Primary Metals Corp.

Schedule of Investment Portfolio as at June 30, 2021 (unaudited)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>GOLD</b>				
7,300	Agnico-Eagle Mines Ltd.	573,914	547,208	
183,558	Artemis Gold Inc.	338,276	1,077,485	
333,500	Artemis Gold Inc., Warrants (27 August 2024)	-	1,597,465	
1,939,754	Bellevue Gold Ltd.	1,622,115	1,713,102	
45,000	Bonterra Resources Inc., Warrants (20 August 2021)	-	-	
151,000	Cabral Gold Inc.	81,540	81,540	
32,676	Centerra Gold Inc.	409,725	307,481	
85,000	Dakota Territory Resource Corp.	472,753	526,831	
55,949	Endeavour Mining PLC	1,923,258	1,489,362	
850,975	Gold Standard Ventures Corp.	870,531	604,192	
5,581	Golden Star Resources Ltd.	34,840	19,534	
268,049	HighGold Mining Inc.	451,016	385,991	
254,296	K92 Mining Inc.	856,204	2,278,492	
90,000	Kinross Gold Corp.	830,933	707,400	
37,500	Lion One Metals Ltd., Warrants (18 August 2021)	-	1,875	
35,417	Lundin Gold Inc.	395,889	368,691	
100	Newmont Mining Corp.	7,495	7,857	
15,611	Nomad Royalty Co., Ltd., Warrants (31 December 2022)	-	2,498	
30,000	O3 Mining Inc., Warrants (05 July 2022)	-	-	
101,535	Osisko Gold Royalties Ltd.	1,524,113	1,725,080	
167,627	Rupert Resources Ltd.	868,578	841,488	
175,959	Sandstorm Gold Ltd.	1,475,613	1,722,639	
130,651	SSR Mining Inc.	2,911,127	2,529,403	
79,541	Torex Gold Resources Inc.	1,364,868	1,135,845	
15,412	Victoria Gold Corp.	233,921	284,351	
92,000	Wesdome Gold Mines Ltd.	837,203	1,081,920	
771,000	West African Resources Ltd.	725,422	713,166	
20,400	Wheaton Precious Metals Corp.	1,133,788	1,114,656	
		<b>19,943,122</b>	<b>22,865,552</b>	<b>80.69</b>
<b>PRECIOUS METALS &amp; MINERALS</b>				
11,905	Azimet Exploration Inc.	25,436	25,596	
402,601	GoGold Resources Inc.	870,466	1,240,011	
264,757	Osisko Mining Inc.	962,726	818,099	
4,800	SilverCrest Metals Inc.	68,785	52,128	
		<b>1,927,413</b>	<b>2,135,834</b>	<b>7.54</b>
<b>DIVERSIFIED METALS &amp; MINING</b>				
35,100	Critical Elements Corp.	38,610	45,981	
750,000	G Mining Ventures Corp.	375,000	675,000	
375,000	G Mining Ventures Corp., Warrants (25May22)	-	37,500	
36,000	Hudbay Minerals Inc.	315,860	297,000	
488,000	Matador Mining Ltd.	190,808	204,148	
56,281	Regulus Resources Inc.	78,764	42,774	
50,000	Regulus Resources Inc., Warrants (27 December 2021)	-	-	
		<b>999,042</b>	<b>1,302,403</b>	<b>4.60</b>
<b>SILVER</b>				
9,600	MAG Silver Corp.	227,034	248,832	0.88

Percentages shown in brackets relate investments at fair value to net assets attributable to holders of redeemable shares of the Fund.



# Sentry Select Primary Metals Corp.

Schedule of Investment Portfolio as at June 30, 2021 (unaudited) (cont'd)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>METALS &amp; MINING</b>				
17,550	Critical Elements Lithium Corp., Warrants (02 November 2023)	-	-	
150,000	Millennial Silver Corp.	75,000	75,000	
		75,000	75,000	0.26
<b>Commissions and other portfolio transaction costs</b>		(39,755)		
<b>Total Investment Portfolio before Derivative Instruments</b>		<u><b>23,131,856</b></u>	26,627,621	93.97
<b>Other Net Assets (Liabilities)</b>			1,708,280	6.03
<b>Net Assets Attributable to Holders of Redeemable Shares</b>			<u><b>28,335,901</b></u>	<b>100.00</b>

Percentages shown in brackets relate investments at fair value to net assets attributable to holders of redeemable shares of the Fund.

# Sentry Select Primary Metals Corp.

*Fund Specific Notes to Financial Statements (unaudited)*

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## Commissions (Note 2)

for the periods ended June 30 (in \$000's)

	<b>2021</b>	<b>2020</b>
Brokerage commissions	90	143
Soft dollar commissions <sup>†</sup>	26	18

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## Redeemable Share Transactions (Note 5)

for the periods ended June 30

	<b>2021</b>	<b>2020</b>
<b>Class A</b>		
<b>Number of redeemable shares at the beginning of period</b>	11,338,274	13,441,574
Redeemable shares issued for cash	-	-
Redeemable shares issued for reinvested dividends	-	-
Redeemable shares redeemed	(2,154,605)	(2,103,300)
<b>Number of redeemable shares at the end of period</b>	<b>9,183,669</b>	<b>11,338,274</b>

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<sup>†</sup>A portion of brokerage commissions paid was used to cover research and market data services, termed soft dollar commissions. This amount has been estimated by the Manager of the Fund. The accompanying notes are an integral part of these financial statements.

# Sentry Select Primary Metals Corp.

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 9)

### Concentration Risk

For Concentration Risk as at June 30, 2021, refer to the Schedule of Investment Portfolio.

The table below summarizes the Fund's exposure to concentration risk.

as at December 31, 2020

Categories	Net Assets (%)
Gold	71.6
Commodity Chemicals	7.4
Silver	7.0
Private Placements	4.0
Precious Metals & Minerals	4.0
Other Net Assets (Liabilities)	3.1
Copper	1.4
Diversified Metals & Mining	1.2
Warrants	0.3
<b>Total</b>	<b>100.0</b>

### Credit Risk

As at June 30, 2021 and December 31, 2020, the Fund did not have a significant exposure to credit risk as substantially all of its assets were invested in equities.

### Other Price Risk

As at June 30, 2021 and December 31, 2020, the Fund was predominantly invested in Canadian equities and therefore was sensitive to changes in general economic conditions in Canada.

As at June 30, 2021, had the fair value of equities in the investment portfolio increased or decreased by 10% (December 31, 2020 - 10%), with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have increased or decreased, respectively, by approximately \$2,663,000 (December 31, 2020 - \$3,530,000). In practice, actual results may differ from this analysis and the difference may be material.

### Currency Risk

The tables below summarize the Fund's exposure to currency risk.

as at June 30, 2021

Currency	Financial Instruments Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (in \$000's)	Net Assets (%)
Australian Dollar	2,544	-	2,544	9.0
U.S. Dollar	535	-	535	1.9
<b>Total</b>	<b>3,079</b>	<b>-</b>	<b>3,079</b>	<b>10.9</b>

as at December 31, 2020

Currency	Financial Instruments Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (in \$000's)	Net Assets (%)
U.S. Dollar	1,459	-	1,459	4.0
Australian Dollar	1,369	-	1,369	3.7
<b>Total</b>	<b>2,828</b>	<b>-</b>	<b>2,828</b>	<b>7.7</b>

As at June 30, 2021, had the Canadian dollar strengthened or weakened by 10% (December 31, 2020 - 10%) in relation to all other foreign currencies held in the Fund, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$308,000 (December 31, 2020 - \$283,000). In practice, the actual results may differ from this analysis and the difference may be material.

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

# Sentry Select Primary Metals Corp.

## Fund Specific Notes to Financial Statements (unaudited)

### Interest Rate Risk

As at June 30, 2021 and December 31, 2020, the Fund did not have a significant exposure to interest rate risk as substantially all of its assets were invested in equities.

### Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

Long Positions at fair value as at June 30, 2021

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	24,918	1,635	75	26,628
<b>Total</b>	<b>24,918</b>	<b>1,635</b>	<b>75</b>	<b>26,628</b>

There were no transfers between Level 1 and 2 and Level 1 and 3 during the period ended June 30, 2021.

Long Positions at fair value as at December 31, 2020

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	33,431	1,868	-	35,299
<b>Total</b>	<b>33,431</b>	<b>1,868</b>	<b>-</b>	<b>35,299</b>

During the year ended December 31, 2020, investments with a fair value of \$16,000 were transferred out of Level 2 into Level 1 as quoted market prices became available for these investments.

There were no transfers between Level 1 and 3 and Level 2 and 3 during the year ended December 31, 2020.

### Level 3 Reconciliation

The table below summarizes the movement in financial instruments classified as Level 3.

for the period ended June 30, 2021

	Balance at Dec. 31, 2020 (in \$000's)	Purchases (in \$000's)	Sales (in \$000's)	Transfers In (in \$000's)	Transfers (Out) (in \$000's)	Realized Gain (Loss) (in \$000's)	Unrealized Gain (Loss)* (in \$000's)	Balance at Jun. 30, 2021 (in \$000's)
<b>Long Positions/Assets:</b>								
Equities	-	75	-	-	(10)	-	10	75
<b>Total</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>10</b>	<b>75</b>

\*Change in unrealized gain (loss) related to investments held at June 30, 2021 was \$10,000.

During the period ended June 30, 2021, investments with a fair value of \$10,000 were transferred out of Level 3 into Level 2 as observable market inputs became available for these investments.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable units of the Fund as at June 30, 2021.

# Sentry Select Primary Metals Corp.

*Notes to the Financial Statements (unaudited)*

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## **1. THE FUND**

Sentry Select Primary Metals Corp. (the Fund) is a corporation incorporated under the laws of the Province of Ontario by articles of incorporation dated April 23, 2007, as amended on June 13, 2007, March 26, 2008 and March 26, 2010. The Fund commenced operations with the closing of an initial public offering on June 14, 2007. The Fund is listed on the Toronto Stock Exchange (TSX), under the symbol PME. The Funds' registered office address is 15 York Street, Second Floor, Toronto, Ontario M5J 0A3. Effective on or about August 1, 2021, the Fund's registered address will change from 2 Queen Street East, Twentieth Floor, Toronto, Ontario, M5C 3G7 to 15 York Street, Second Floor, Toronto, Ontario M5J 0A3.

These financial statements were approved and authorized for issue by Board of Directors on August 16, 2021.

The Fund invests in an actively managed portfolio consisting primarily of securities of mining and exploration issuers, with a current focus on gold issuers. The Fund's investment objective is to provide shareholders with: (i) long-term capital appreciation; and (ii) monthly cash distributions.

The Statements of Financial Position are as at June 30, 2021 and December 31, 2020. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and Statements of Cash Flows are for the periods ended June 30, 2021 and 2020.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The following is a summary of the significant accounting policies of the Fund:

### **a. Classification and recognition of financial instruments**

The Fund classifies and measure its investments (such as fixed-income securities, equity securities, investment fund(s), exchange-traded fund(s) and derivatives) based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives are measured at fair value through profit or loss (FVTPL).

The Fund's obligations for net assets attributable to holders of redeemable shares are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortized cost, which approximates their fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Financial assets and liabilities are offset, and the net amount is presented in the Statements of Financial Position when, and only when, the Fund has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### **b. Fair value of financial investments**

At the financial reporting date, listed securities are valued 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. 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 existing market conditions. Unlisted securities are valued based on price quotations received from recognized investment dealers, or failing that, their fair value is determined by the Manager based on the latest reported information available. Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, and terms of the warrant. Fixed-income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation received from recognized investment dealers.

### **c. Cash**

Cash is comprised of cash on deposit and bank overdraft.

# Sentry Select Primary Metals Corp.

Notes to the Financial Statements (unaudited) (cont'd)

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## **d. Cost of investments**

Cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and transaction costs.

## **e. Investment transactions and income recognition**

Investment transactions are recorded on the trade date - the date on which the Fund commits to purchase or sell the investment. The "Interest for distribution purposes" shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund and is accounted for on an accrual basis.

Dividends from investments are recognized on the ex-dividend/ex-distribution date.

## **f. Foreign exchange**

The Fund's functional and presentation currency is the Canadian dollar. Foreign currency amounts are translated into the functional currency as follows: fair value of investments, foreign currency forward contracts and other assets and liabilities at the closing rate of exchange on each business day; income and expenses, purchases and sales and settlements of investments at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as "Foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss) on sale of investments and derivatives" and "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income.

## **g. Share valuation**

Net asset value (NAV) per share is calculated at the end of each day on which the TSX is open for business by dividing the total NAV by outstanding shares.

As at June 30, 2021, December 31, 2020 and June 30, 2020, there were no differences between the NAV used for transactions with shareholders and the net assets attributable to holders of redeemable shares used for reporting purposes under IFRS.

## **h. Classification of shares**

The shares of the Fund are classified as financial liabilities in accordance with IAS 32 - *Financial Instruments: Presentation* (IAS 32), as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

## **i. Commissions and other portfolio transaction costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in "Commissions and other portfolio transaction costs" in the Statements of Comprehensive Income.

## **j. Increase (decrease) in net assets attributable to holders of redeemable shares**

"Increase (decrease) in net assets attributable to holders of redeemable shares per share" in the Statements of Comprehensive Income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares by the weighted average number of shares outstanding during the period.

## **k. Withholding taxes**

The Fund may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

## **l. Harmonized sales tax**

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax (PST) with the federal goods and services tax (GST). The Harmonized Sales Tax (HST) combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax (QST) of 9.975%. The Provincial HST liability or refund is calculated using the residency of shareholders and the value of their interest in the Fund as at specific times, rather than the physical location of the Fund. The effective sales tax rate charged to the Fund is based on the shareholders' proportionate investments by province, using each province's HST rate, GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as "Harmonized sales tax" in the Statements of Comprehensive Income.

# Sentry Select Primary Metals Corp.

Notes to the Financial Statements (unaudited) (cont'd)

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### 3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing its financial statements:

#### ***Fair value measurement of investments and derivatives not quoted in active market***

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager based on the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values were independently assessed by the Manager based on assumptions and estimates as at statement of the financial position date. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Valuation models use observable data, to the extent practicable. Since the outbreak of Coronavirus 19 (COVID-19), market volatility has increased significantly which results in fluctuation in quoted securities prices, widening of bid ask spreads and reduced liquidity in the market. These changes may also impact the observability of some of the model valuation inputs used, which may have an implication on classification of certain financial instruments within the fair value hierarchy. Areas such as credit risk (both own and counterparty); volatilities, correlations and key assumptions concerning future developments require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

#### **IFRS 10 - Consolidated Financial Statements (IFRS 10)**

In accordance with IFRS 10 the Manager has determined that the Fund meets the definition of an Investment Entity which requires that the Fund obtains funds from one or more investors for the purpose of providing investment management services, commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of its investments on a fair value basis. Consequently, the Fund does not consolidate its investment in subsidiaries, if any, but instead measure these at FVTPL, as required by the accounting standard.

### 4. FEES AND OTHER EXPENSES

#### *Management fees*

The Fund pays to the Manager an annual fee equal to 1.10% of the NAV of the Fund plus an amount equal to the service fee (described below) payable to the registered dealers. Fees payable to the Manager are calculated and payable monthly, plus applicable taxes.

#### *Operational costs*

The Fund is responsible for all expenses incurred in connection with, but not limited to, the operation and administration of the Fund.

#### *Service fees*

The Manager will pay to registered dealers of the Fund an annual service fee of 0.40% of the NAV per share for shares held by clients of the sales representatives of the registered dealers, calculated and payable quarterly in arrears, plus applicable taxes.

### 5. REDEEMABLE SHARES

The Fund is authorized to issue an unlimited number of redeemable shares. Each share represents an undivided interest in the net assets of the Fund. All shares have equal rights and privileges and are entitled to equal participation in any distributions made by the Fund.

# Sentry Select Primary Metals Corp.

*Notes to the Financial Statements (unaudited) (cont'd)*

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## **Annual redemption**

Shareholders may tender their shares annually for redemption on the last business day of April (Annual Redemption Date) at the NAV per share. The proceeds of an annual redemption received by shareholders (Annual Net Redemption Proceeds) will be an amount equal to 100% of the Fund's NAV per share on the applicable Annual Redemption Date. Payment of the Annual Net Redemption Proceeds will be paid to shareholders within 15 days of the applicable Annual Redemption Date, provided that all necessary redemption documents have been properly completed and sent to the registrar and transfer agent of the Fund during the applicable redemption notice period, subject to the Fund's right to suspend redemption.

## **Monthly redemption**

Shares may also be surrendered at any time by shareholders for redemption on the relevant monthly redemption date, which is the second last business day of the month in which the shares were surrendered for a monthly redemption in that month (Monthly Redemption Date), subject to the Fund's right to suspend redemptions. Shareholders shall be entitled to receive a price per share (Monthly Redemption Price) equal to the lesser of 90% of the market price of the shares on the principal market on which the shares are quoted for trading during the 20-trading-day period ending immediately before the Monthly Redemption Date, and 100% of the closing market price on the principal market on which the shares are quoted for trading on the Monthly Redemption Date. If shareholders of redeemable shares makes such surrender within the last ten business days in the case of monthly redemption, the shares will be redeemed on the Monthly Redemption Date in the next month and the shareholders will receive the Monthly Redemption Price determined with reference to the Monthly Redemption date in the next month.

Notwithstanding the Monthly Redemption Price formula above, at no time, will the Fund pay out redemption proceeds greater than the Fund's NAV per share as determined on the Monthly Redemption Date for each share being redeemed on such Monthly Redemption Date.

Redeemable share transactions information appears in the Fund Specific Notes to Financial Statements.

## **6. MARKET PURCHASE PROGRAM**

In accordance with the Fund's prospectus, and to enhance liquidity and to provide support to the shares, the Fund has a mandatory market purchase program under which the Fund has the right (but not the obligation), exercisable in its sole discretion, to purchase in the market for cancellation up to 10% of the shares outstanding at the beginning of such period at prices not exceeding the NAV per share. The Fund will offer to purchase shares offered on the TSX at prices that are less than 95% of the latest determined NAV per share where the Manager determines that such purchases are in the best interest of shareholders, up to a maximum amount in any three-month-period of 1.25% of the number of shares outstanding at the beginning of such period. Purchases of shares by the Fund will be subject to compliance with any applicable regulatory requirements and limitations. During the period ended June 30, 2021 and year ended December 31, 2020 the Fund did not purchase any shares for cancellation under the market purchase program.

## **7. RELATED PARTY TRANSACTIONS**

The Fund may have direct or indirect holdings in CI Financial Corp., or its affiliates or other investment fund(s) managed by the Manager as identified in the Schedule of Investment Portfolio and the Fund Specific Notes to Financial Statements, if applicable.

### *Inter Fund Trading*

Inter fund trading occurs when a Fund purchases or sells a security of any issuer from or to another Fund managed by the Manager. These transactions are executed through market intermediaries and under prevailing market terms and conditions. The Independent Review Committee reviews such transactions during scheduled meetings. During the periods ended June 30, 2021 and 2020, the Fund executed inter fund trades.

## **8. TAXATION**

The Fund presently qualifies as a "mutual fund corporation" as defined in the *Income Tax Act* (Canada). As a mutual fund corporation, the Fund is subject to Part IV federal tax. Taxable dividends received from taxable Canadian corporations are subject to a tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders. The Fund is also subject to Part I tax on other income and taxable capital gain for the year. All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Fund qualifies as a mutual fund corporation. Accordingly, the Fund does not record a provision for income taxes in respect of dividends from taxable Canadian corporations and capital gains. Interest income and foreign dividends, net of applicable expenses, are taxed at full corporate rates applicable to mutual fund corporations with credits, subject to certain limitations, for foreign taxes paid.



# Sentry Select Primary Metals Corp.

Notes to the Financial Statements (unaudited) (cont'd)

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The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

## 9. FINANCIAL INSTRUMENTS RISK

### COVID-19 Impact

Since the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future performance of the Fund. In the face of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures from the portfolio holdings.

### Risk management

The Fund is exposed to a variety of financial instruments risks: concentration risk, credit risk, liquidity risk and market risk (including other price risk, currency risk and interest rate risk). The level of risk to which the Fund is exposed to depends on the investment objective and the type of investments held by the Fund. The value of the investments within the portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news related to investments held by the Fund. The Manager of the Fund may minimize potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events, diversification of the investment portfolio by asset type, country, sector, term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

### Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, product type, industry sector or counterparty.

Details of the Fund's exposure to concentration risk are available in the Fund Specific Notes to Financial Statements.

### Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of debt instruments includes consideration of the credit worthiness of the debt issuer. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of Financial Position.

Cash balances as disclosed in the Statements of Financial Position are maintained by the Custodian. The Manager monitors the credit worthiness of the Custodian on a regular basis. The credit rating of the Custodian as at June 30, 2021 was AA- (December 31, 2020 - AA-).

All transactions executed by the Fund in listed securities are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

### Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations, on time or at a reasonable price. The Fund is exposed to monthly and annual cash redemptions of redeemable shares. Therefore, the Fund aims to invest the majority of its assets in investments that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. From time to time, the Fund may enter into derivative contracts or invest in unlisted securities that may not trade in an organized market and may be illiquid. All financial liabilities are due within three months.

### Market risk

The Fund's investments are subject to market risk which is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market conditions.

# Sentry Select Primary Metals Corp.

## Notes to the Financial Statements (unaudited) (cont'd)

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### *Other price risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant other price risk.

### *Currency risk*

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund. As a result, the Fund may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of interest-bearing investments and interest rate derivative instruments will fluctuate due to changes in prevailing levels of market interest rates. If interest rates fall, the fair value of existing debt securities may increase due to increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease which may then lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities.

Interest rate risk also applies if the Fund invests in convertible securities. The fair value of these securities varies inversely with interest rates, similar to other debt securities. However, since they may be converted into common shares, convertible securities are generally less affected by interest rate fluctuations than other debt securities.

### **Fair value hierarchy**

The Fund is required to classify financial instruments measured at fair value using a fair value hierarchy. Investments whose values are based on quoted market prices in active markets are classified as Level 1. This level may include publicly traded equities, exchange-traded and retail mutual fund(s), exchange-traded warrants, futures contracts and traded options.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2. These may include fixed-income securities, mortgage-backed securities, short-term instruments, non-traded warrants, over-the-counter options, structured notes of indexed securities, foreign currency forward contracts, swap instruments, American depositary receipts and Global depositary receipts, if quoted market price is not available.

Investments classified as Level 3 have significant unobservable inputs. Level 3 instruments may include private equities, private term loans, private equity fund(s) and certain derivatives. As observable prices are not available for these securities, the Fund may use a variety of valuation techniques to derive their fair value.

The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Details of the Fund's exposure to financial instruments risks including concentration risk and fair value hierarchy classification are available in the Fund Specific Notes to Financial Statements of the financial statements.

# Sentry Select Primary Metals Corp.

## *Legal Notice*

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