

ANNUAL  
FINANCIAL  
STATEMENTS  
2021

CI GOLD BULLION FUND

DECEMBER 31, 2021

# Table of Contents

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**Independent Auditor's Report** ..... 1

CI Gold Bullion Fund

**Financial Statements**

Statements of Financial Position ..... 3

Statements of Comprehensive Income..... 4

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units ..... 5

Statements of Cash Flows ..... 6

Schedule of Investment Portfolio..... 7

Fund Specific Notes to Financial Statements ..... 8

**Notes to the Financial Statements** ..... 11

**Legal Notice** ..... 15

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# Independent auditor's report

To the Unitholders of  
**CI Gold Bullion Fund**

## Opinion

We have audited the financial statements of **CI Gold Bullion Fund** [the "Fund"], which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ["IFRSs"].

## 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 report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management 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, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Queenie Chung.

Toronto, Canada  
March 21, 2022

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants  
Licensed Public Accountants

# CI Gold Bullion Fund

Financial Statements (Expressed in US\$)

## Statements of Financial Position

as at December 31

(in \$000's except for per unit amounts and units outstanding)

	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Bullion at fair value	314,269	-
Cash	15	-
Cash collateral on deposit for short sale	-	-
Unrealized gain on foreign currency forward contracts	273	-
Receivable for bullion sold	-	-
Receivable for unit subscriptions	-	-
	314,557	-
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Unrealized loss on foreign currency forward contracts	-	-
Payable for bullion purchased	-	-
Payable for unit redemptions	-	-
Distributions payable to holders of units	-	-
Management fees payable	43	-
Accounts payable and accrued liabilities	5	-
	48	-
<b>Net assets attributable to holders of redeemable units</b>	314,509	-

## Statements of Financial Position (cont'd)

as at December 31

(in \$000's except for per unit amounts and units outstanding)

	Net assets attributable to holders of redeemable units per Series (Note 4):		Net assets attributable to holders of redeemable units per unit:		Number of redeemable units outstanding:	
	2021	2020	2021	2020	2021	2020
ETF US\$ Series	276,740	-	18.17	19.00	15,230,000	1
ETF C\$ Hedged Series	24,141	-	23.10*	24.19*	1,320,000	1
ETF C\$ Unhedged Series	13,628	-	22.95*	-	750,000	-

\*Net assets attributable to holders of redeemable units per unit for ETF C\$ Hedged Series and ETF C\$ Unhedged Series are presented in Canadian dollars. The accompanying notes are an integral part of these financial statements.

# CI Gold Bullion Fund

Financial Statements (Expressed in US\$)

## Statements of Comprehensive Income

for the periods ended December 31

(in \$000's except for per unit amounts and number of units)

	2021	2020
<b>Income</b>		
Net gain (loss) on bullion and derivatives		
Derivative income (loss)	-	-
Net realized gain (loss) on sale of bullion and derivatives	1,552	-
Change in unrealized appreciation (depreciation) in value of bullion and derivatives	11,779	-
<b>Total net gain (loss) on bullion and derivatives</b>	<b>13,331</b>	<b>-</b>
Other income		
Foreign exchange gain (loss) on cash	3	-
Fees rebate	-	-
<b>Total other income</b>	<b>3</b>	<b>-</b>
<b>Total income</b>	<b>13,334</b>	<b>-</b>
<b>Expenses</b>		
Management fees (Note 5)	481	-
Commissions and other portfolio transaction costs	3	-
Independent review committee fees	1	-
Custody fees	-	-
Unitholders reporting costs	-	-
Audit fees	-	-
Legal fees	-	-
Harmonized sales tax	44	-
Listing fees	-	-
Licensing fees	-	-
<b>Total expenses</b>	<b>529</b>	<b>-</b>
Expenses absorbed by the Manager (Note 5)	-	-
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>12,805</b>	<b>-</b>

## Statements of Comprehensive Income (cont'd)

for the periods ended December 31

(in \$000's except for per unit amounts and number of units)

	Increase (decrease) in net assets attributable to holders of redeemable units per Series:		Increase (decrease) in net assets attributable to holders of redeemable units per unit:		Weighted average number of units:	
	2021	2020	2021	2020	2021	2020
ETF US\$ Series	15,019	-	0.91	-	16,512,768	1
ETF C\$ Hedged Series	(2,288)	-	(2.28)	-	1,003,277	1
ETF C\$ Unhedged Series	74	-	0.18	-	415,333	-

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

# CI Gold Bullion Fund

Financial Statements (Expressed in US\$)

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units for the periods ended December 31 (in \$000's)

	ETF US\$ Series		ETF C\$ Hedged Series		ETF C\$ Unhedged Series		Total Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Net assets attributable to holders of redeemable units at the beginning of period</b>	-	-	-	-	-	-	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	15,019	-	(2,288)	-	74	-	12,805	-
<b>Distributions to holders of redeemable units</b>								
From net investment income	-	-	-	-	-	-	-	-
From net realized gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
<b>Total distributions to holders of redeemable units</b>	-	-	-	-	-	-	-	-
<b>Redeemable unit transactions</b>								
Proceeds from redeemable units issued	424,703	-	37,438	-	13,554	-	475,695	-
Reinvestment of distributions to holders of redeemable units	-	-	-	-	-	-	-	-
Redemption of redeemable units	(162,982)	-	(11,009)	-	-	-	(173,991)	-
<b>Net increase (decrease) from redeemable unit transactions</b>	261,721	-	26,429	-	13,554	-	301,704	-
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	276,740	-	24,141	-	13,628	-	314,509	-
<b>Net assets attributable to holders of redeemable units at the end of period</b>	276,740	-	24,141	-	13,628	-	314,509	-

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

# CI Gold Bullion Fund

Financial Statements (Expressed in US\$)

## Statements of Cash Flows

for the periods ended December 31 (in \$000's)

	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	12,805	-
Adjustments for:		
Net realized (gain) loss on sale of bullion and derivatives	(1,552)	-
Unrealized foreign exchange (gain) loss on cash	-	-
Commissions and other portfolio transaction costs	3	-
Change in unrealized (appreciation) depreciation in value of bullion and derivatives	(11,779)	-
Proceeds from sale and maturity of bullion and derivatives	1,799	-
Purchase of bullion and derivatives	(1,309)	-
Increase (decrease) in management fees payable	43	-
Change in other accounts receivable and payable	5	-
<b>Net cash from (used in) operating activities</b>	<b>15</b>	<b>-</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of units	-	-
Amounts paid on redemption of units	-	-
Distributions paid, net of reinvested distributions	-	-
<b>Net cash from (used in) financing activities</b>	<b>-</b>	<b>-</b>
Unrealized foreign exchange gain (loss) on cash	-	-
Net increase (decrease) in cash	15	-
Cash (bank overdraft), beginning of period	-	-
<b>Cash (bank overdraft), end of period</b>	<b>15</b>	<b>-</b>
<b>Supplementary Information:</b>		
Interest received, net of withholding tax*	-	-
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.



# CI Gold Bullion Fund

Schedule of Investment Portfolio as at December 31, 2021 (Expressed in US\$)

Number of Ounces	Description	Average Cost (\$)	Fair Value (\$)	% of Net Assets
<b>BULLION</b>				
172,666	Gold Bars 400 oz	302,763,265	314,269,277	99.92
<b>Total Bullion</b>		<b>302,763,265</b>	<b>314,269,277</b>	<b>99.92</b>
Adjustment for transaction costs		-		
<b>Total Investments</b>		<b>302,763,265</b>	314,269,277	99.92
Unrealized gain (loss) on forward foreign currency contract(s)			272,655	0.09
Other Net Assets (Liabilities)			(33,349)	(0.01)
<b>Net Assets Attributable to Holders of Redeemable Units</b>			<b>314,508,583</b>	<b>100.00</b>

## Forward Foreign Currency Contract(s)

Counterparty	Credit Rating of the Counterparty*	Settlement Date	Currency Buy	Position	Currency Sell	Position	Contract(s) Rate	Unrealized Gain (Loss) (\$)
HSBC Bank, Toronto	A-1	January 21, 2022	CAD	30,399,007	USD	23,793,000	1.28	272,655
<b>Total Foreign Currency Forward Contract(s) Value</b>								<b>272,655</b>

\*Credit rating provided by S&P Global Ratings.

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

# CI Gold Bullion Fund

Fund Specific Notes to Financial Statements (Expressed in US\$)

## Offsetting of Financial Instruments (Note 2)

The following tables show the net impact on the Fund's Statements of Financial Position if all rights to offset were exercised.

as at December 31, 2021

	Gross Assets/ (Liabilities) (in \$000's)	Amounts Eligible for Offset		Net Exposure (in \$000's)
		Financial Instruments (in \$000's)	Collateral Received/(Paid) (in \$000's)	
Derivative assets - Foreign currency forward contracts	273	-	-	273
Derivative assets - Swaps and swaptions	-	-	-	-
<b>Total</b>	273	-	-	273
Derivative liabilities - Foreign currency forward contracts	-	-	-	-
Derivative liabilities - Swaps and swaptions	-	-	-	-
<b>Total</b>	-	-	-	-

as at December 31, 2020

	Gross Assets/ (Liabilities) (in \$000's)	Amounts Eligible for Offset		Net Exposure (in \$000's)
		Financial Instruments (in \$000's)	Collateral Received/(Paid) (in \$000's)	
Derivative assets - Foreign currency forward contracts	-	-	-	-
Derivative assets - Swaps and swaptions	-	-	-	-
<b>Total</b>	-	-	-	-
Derivative liabilities - Foreign currency forward contracts	-	-	-	-
Derivative liabilities - Swaps and swaptions	-	-	-	-
<b>Total</b>	-	-	-	-

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

# CI Gold Bullion Fund

Fund Specific Notes to Financial Statements (Expressed in US\$)

## Commissions (Note 2)

for the periods ended December 31 (in \$000's)

	2021	2020
Brokerage commissions	-	-
Soft dollar commissions <sup>†</sup>	-	-

## Redeemable Unit Transactions (Note 4)

for the periods ended December 31

	ETF US\$ Series		ETF C\$ Hedged Series		ETF C\$ Unhedged Series	
	2021	2020	2021	2020	2021	2020
<b>Number of redeemable units at the beginning of period</b>	1	-	1	-	-	-
Redeemable units issued for cash	24,410,000	1	1,940,000	1	750,000	-
Redeemable units issued for reinvested distributions	-	-	-	-	-	-
Redeemable units redeemed	(9,180,001)	-	(620,001)	-	-	-
<b>Number of redeemable units at the end of period</b>	<b>15,230,000</b>	<b>1</b>	<b>1,320,000</b>	<b>1</b>	<b>750,000</b>	<b>-</b>

<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.

# CI Gold Bullion Fund

Fund Specific Notes to Financial Statements (Expressed in US\$)

## Management Fee Rate (Note 5)

as at December 31, 2021 (%)

	Annual management fee rate:
ETF US\$ Series	0.155
ETF C\$ Hedged Series	0.155
ETF C\$ Unhedged Series	0.155

## Loss Carry Forwards (Note 6)

as at December 31 (in \$000's)

	2021
<b>Capital loss carried forward:</b>	-
<b>Non-capital losses expiring:</b>	
2031	-
2032	-
2033	-
2034	-
2035	-
2036	-
2037	-
2038	-
2039	-
2040	-
2041	-
<b>Total</b>	-

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

# CI Gold Bullion Fund

## Notes to the Financial Statements

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### 1. THE FUND

The CI Gold Bullion Fund (the Fund) is an exchange-traded mutual fund established under the laws of the Province of Ontario by an amended and restated declaration of trust dated December 18, 2020.

CI Investments Inc. is the manager and the trustee (the Manager and the Trustee) to the Fund. The Manager is a wholly owned subsidiary of CI Financial Corp. (Toronto Stock Exchange (TSX): CIX). CIBC Mellon Trust Company is the custodian (the Custodian) of the Fund. The Custodian has entered into a sub-custodian agreement with Canadian Imperial Bank of Commerce (the Sub-custodian). The Sub-custodian has entered into a further sub-custodial agreement with JPMorgan Chase Bank, N.A. (the Gold Custodian) to hold physical custody of the Fund's gold bullion.

The Fund's registered office address is 15 York Street, Second Floor, Toronto, Ontario, M5J 0A3. Effective August 1, 2021, the Fund's registered office address changed 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 authorized for issue by the Manager on March 11, 2022.

The Manager is a subsidiary of CI Financial Corp.

The Fund's investment objective is to provide unitholders with exposure to gold. To achieve its investment objective, the Fund invests in and holds substantially all of its assets in long-term holdings of gold bullion in order to provide investors with a cost-effective and convenient way to invest in gold.

As of December 18, 2020, the Fund offers ETF US\$ Series units, which are available for purchase only in U.S. dollars and ETF C\$ Hedged Series units, which are available for purchase only in Canadian dollars. As of March 22, 2021, the Fund also offers ETF C\$ Unhedged Series units, which are available for purchase only in Canadian dollars. They are for sale on a continuous basis.

The Statements of Financial Position are as at December 31, 2021 and 2020. The Statement of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the year ended December 31, 2021 and period ended December 31, 2020.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement has 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 account policies of the Fund:

#### a. Gold Bullion

Gold bullion is measured at fair value, with unrealized and realized gains (losses) recorded in income.

Gold bullion is recorded on the trade date, which is the date on which a Fund commits to purchase or sell the gold bullion. All unrealized gains (losses) arising from bullion holdings are recorded as part of "Change in unrealized appreciation (depreciation) in value of bullion and derivatives" in the Statement of Comprehensive Income until the bullion holdings are sold, at which time the gains (losses) are realized and reflected in the Statement of Comprehensive Income in "Net realized gain (loss) on sale of bullion and derivatives".

#### b. Classification and recognition of financial instruments

The Fund classifies and measures its investment in derivatives are measured at fair value through profit or loss (FVTPL).

The Fund's obligations for net assets attributable to holders of redeemable units 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.

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 intends 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.

#### c. Cash

Cash represents cash on deposit.

#### d. Cost of gold bullion

Cost of gold bullion represents fair value of the gold bullion at the time of purchase.

#### e. Foreign exchange

The functional and presentation currency of the Fund is U.S. dollar.

Foreign currency amounts are translated into the functional currency as follows: fair value of investments 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" in the Statement of Comprehensive Income and those relating to gold bullion and derivatives are presented within "Net realized gain (loss) on sale of bullion and derivatives" and "Change in unrealized appreciation (depreciation) in value of bullion and derivatives" in the Statement of Comprehensive Income.

#### f. Unit valuation

Net asset value (NAV) per unit for each series of units of the Fund is calculated at the end of each day on which the Manager is open for a full day of business by dividing the NAV of each series of units by the respective outstanding units of that series.

The NAV of each series is computed by calculating the value of that series' proportionate share of the Fund's assets less that series' proportionate share of the Fund's common liabilities and less series-specific liabilities. Expenses directly attributable to a series are charged to that series. Other income and expenses, and gains and losses, are allocated to each series proportionately based upon the relative total NAV of each series.

As at December 31, 2021 and 2020, as applicable, there were no differences between the NAV used for transactions with unitholders and the net assets attributable to holders of redeemable units used for reporting purposes under IFRS.

#### g. Classification of units

The units 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.

# CI Gold Bullion Fund

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

### **h. 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 Statement of Comprehensive Income.

### **i. Increase (decrease) in net assets attributable to holders of redeemable units per unit**

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statement of Comprehensive Income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units of each series of a Fund by the weighted average number of units outstanding during the period of that series.

### **j. Foreign currency forward contracts**

A Fund may, from time to time, enter into foreign currency forward contracts. Foreign currency forward contracts are valued on each valuation day based on the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. All unrealized gains (losses) arising from foreign currency forward contracts are recorded as part of "Change in unrealized appreciation (depreciation) in value of bullion and derivatives" in the Statement of Comprehensive Income and "Unrealized gain (loss) on foreign currency forward contracts" in the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized and reported as "Net realized gain (loss) on sale of bullion and derivatives" in the Statement of Comprehensive Income.

### **k. Offsetting of financial instruments**

The disclosures set out in the Offsetting of Financial Instruments table in the Fund Specific Note to Financial Statements of the Fund includes foreign currency forward contracts assets and liabilities that are subject to an enforceable master netting arrangement. Transactions with individual counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Fund and respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party.

International Swaps and Derivatives Association Inc. Master Agreements (ISDA Master Agreements) govern OTC financial derivative transactions entered into by the Fund and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. The fair value of OTC financial derivative transactions net of collateral received in or pledged by a counterparty as at year end is disclosed in the Fund Specific Notes to Financial Statements of the Fund, as applicable.

The Fund may be subject to various Master Agreements or netting arrangements, with selected counterparties. These Master Agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out to different legal entities of a particular counterparty organization, each type of transaction may be covered by a different Master Agreement resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Fund to close out and net its total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

### **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 unitholders 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 unitholders' 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.

### **3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of these 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:

#### **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. UNITS**

Units issued and outstanding represent the capital of the Fund.

The Fund is authorized to issue an unlimited number of redeemable, transferrable units of an unlimited number of series of units, each of which represents an undivided interest in the net assets of the Fund. The relevant changes pertaining to subscription and redemption of the Fund's units are disclosed in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives and risk management policies outlined in Notes 1 and 9, the Fund endeavours to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions through utilizing a short-term borrowing facility or disposal of investments when necessary.

#### *Redemptions*

On any trading day in addition to the ability to sell units on the TSX, unitholders of the Fund may redeem (i) units of the Fund at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption less any applicable redemption fee determined by the Manager; or (ii) a prescribed number of units (PNU) or a multiple PNU of the Fund for cash equal to the NAV of that number of units of the Fund less any applicable redemption fee determined by the Manager.

As at December 31, 2021, the Manager had initial investments in the Fund of nil (2020 - \$38).

Units' transactions information appears in the Fund Specific Notes to Financial Statements.

# CI Gold Bullion Fund

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

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### 5. FEES AND OTHER EXPENSES

#### *Management fees*

The Manager of the Fund, in consideration for management fees, provides management services required in the day-to-day operations of the Fund, including management of the investment portfolio of the Fund and the provision of key management personnel.

The annual management fee rate for each series of the Fund is 0.155%. The management fee is calculated based on a percentage of the NAV of each series of the Fund at the end of each business day, plus applicable taxes, and is payable monthly.

#### *Issue costs*

All expenses related to the issuance of units are borne by the Fund unless otherwise waived or reimbursed by the Manager.

#### *Operating expenses*

The Manager bears all of the operating expenses of the Fund (other than taxes of any kind, borrowing costs and the fees, costs and expenses associated with compliance with any new governmental and regulatory requirements).

The Fund is responsible for the payment of its transaction costs, which include brokerage fees, spread, brokerage commissions and all other transaction fees, including the costs of foreign exchange, as applicable.

### 6. INCOME TAXES

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. Income tax on net realized capital gains not paid or payable will generally be recoverable by virtue of refunding provisions contained in the *Income Tax Act* (Canada) and provincial income tax legislation, as redemptions occur. Occasionally, the Fund may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders.

Refer to the Fund Specific Notes to Financial Statements for further information relating to loss carry forwards.

### 7. REINVESTMENT OF DISTRIBUTIONS

It is not anticipated that the Fund will make cash distributions.

The Fund may pay distributions. Such distributions may be paid in the form of units and/or cash. Any distributions payable in units will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a distribution in units, the number of units outstanding will be automatically consolidated such that the number of units outstanding after such distribution will be equal to the number of units outstanding immediately prior to such distribution, except in the case of a non-resident unitholder to the extent tax was required to be withheld in respect of the distribution.

### 8. RELATED PARTY TRANSACTIONS

The Manager manages and administers the business operations and affairs of the Fund, except for investment advisory and portfolio management services required by the Fund. These services are in the normal course of operations and are recorded at the amount of the consideration agreed to by the parties.

### 9. FINANCIAL INSTRUMENTS RISK

#### **Coronavirus 19 (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, liquidity risk and market risks. The Fund's investment objective is to provide unitholders with exposure to gold bullion. Gold prices can fluctuate daily as a result of changes in prevailing economic and market conditions, political changes and global gold prices. Investing in gold is highly speculative and volatile.

#### **Concentration risk**

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

The Fund's investment objective is to provide unitholders exposure to gold and the Fund is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all of its assets in gold. The NAV of the Fund may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over short period of time. This may have negative impact on the NAV of the Fund.

#### **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. To maintain liquidity the Fund will dispose of its assets if necessary. All financial liabilities are due within three months.

#### **Risks related to the pricing source**

Gold is traded around the world and around the clock through over-the-counter transactions (the main centres for which are in London, New York and Zurich), as well as through exchanges (the largest of which is the COMEX, operated by the New York Mercantile Exchange, Inc.). The price of gold is determined twice daily (in U.S. dollars) by an auction process conducted by the ICE Benchmark Administration Limited and published by the London Bullion Market Association (the LBMA). The gold held by the Fund is valued on the basis of the price of gold determined by the afternoon session, which starts at 3:00 p.m. London, England time (the LBMA Gold Price PM), or by such other market price or index selected by the Manager from time to time.

Potential discrepancies in the calculation of the LBMA Gold Price PM, as well as any future changes to the LBMA Gold Price PM, could impact the value of the gold held by the Fund and could have an adverse effect on the value of an investment in units of the Fund.

As at December 31, 2021, the Fund was predominantly invested in gold and therefore the Fund was sensitive to changes in gold prices.

As at December 31, 2021, had the fair value of the gold increased or decreased by 10%, with all other variables held constant, net assets of the Fund would have increased or decreased, respectively, by

# CI Gold Bullion Fund

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

approximately \$31,427,000. In practice, actual results may differ from this analysis and the difference may be material.

### Risk associated with the custody of gold

There is a risk that part or all of the Fund's gold bullion could be lost, damaged or stolen, notwithstanding the handling of deliveries of gold bullion by, and storage of gold bullion in, the vaults of the Gold Custodian. The gold bullion purchased by the Fund is allocated by the applicable counterparty in a commercially reasonable time and manner. There is a period of time between the time that the Fund has purchased gold bullion and the time that such gold bullion has been fully allocated to the Fund, or when the Fund is redeeming units, that the Fund will hold unallocated gold bullion. The Fund attempts to limit the length of the period of time during which any gold bullion is unallocated. During this time, the Fund is exposed to the credit risk of the counterparty and/or the vendors of the gold bullion. There can be no assurance that any losses attributable to holding unallocated gold bullion will be recovered by the Fund. Furthermore, access to the Fund's gold bullion could be restricted by natural events, human actions or pandemic situations. Any of these events may adversely affect the assets of the Fund and, consequently, an investment in units of the Fund.

### 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 December 31, 2021 was AA-.

As at December 31, 2021, the Fund's exposure to credit risk through derivative instruments was insignificant.

### Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is 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.

Currency	Financial Instruments		Net	Net
	Exposure (in \$000's)	Derivatives (in \$000's)	Exposure (in \$000's)	Assets (%)
Canadian dollar	9	24,066	24,075	7.7
<b>Total</b>	<b>9</b>	<b>24,066</b>	<b>24,075</b>	<b>7.7</b>

As at December 31, 2021, had the U.S. dollar strengthened or weakened by 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 \$2,408,000. In practice, the actual results may differ from this analysis and the difference may be material.

### Fair value hierarchy

The Fund is required to classify assets and liabilities 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.

Investments 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.

Investments classified as Level 3 have significant unobservable inputs.

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.

The table below summarizes 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 December 31, 2021

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Bullion	314,269	-	-	314,269
Derivatives, net	-	273	-	273
<b>Total</b>	<b>314,269</b>	<b>273</b>	<b>-</b>	<b>314,542</b>

There were no transfers between Level 1, 2 and 3 during the period ended December 31, 2021.

## 10. SUBSEQUENT EVENT

### Ukraine-Russian Federation conflict

Subsequent to December 31, 2021, the escalating conflict between Ukraine and the Russian Federation has resulted in significant volatility and uncertainty in financial markets. NATO, EU and G7 member countries, including Canada, have imposed severe and coordinated sanctions against Russia. Restrictive measures have also been imposed by Russia and some securities have materially declined in value and/or may no longer be tradable. These actions have resulted in significant disruptions to investing activities and businesses with operations in Russia. The longer-term impact to geopolitical norms, supply chains and investment valuations is uncertain.

While the situation remains fluid, the Manager continues to monitor ongoing developments and the impact to investment strategies.



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