



RP Target 2026 Discount Bond Fund

INTERIM FINANCIAL STATEMENTS

June 30, 2025 (Unaudited)

RP Target 2026 Discount Bond Fund

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RP Target 2026 Discount Bond Fund

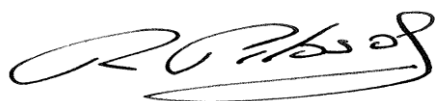
Statement of Financial Position

As at June 30, 2025 and December 31, 2024

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

	2025	2024
	\$	\$
Assets		
Current assets		
Investments at fair value	521,300,788	555,193,148
Interest receivable	1,131,747	1,285,407
Derivative assets	68,414	1,149,251
Cash	18,009	47,211
Receivable for investments sold	-	2,055
Total assets	522,518,958	557,677,072
Liabilities		
Current liabilities		
Derivative liabilities	5,199,676	7,481
Management fees payable (Note 8)	191,160	207,195
Operating fees payable (Note 8)	34,946	38,328
Total liabilities	5,425,782	253,004
Net assets attributable to holders of redeemable units	517,093,176	557,424,068
Net assets attributable to holders of redeemable units per class		
Class A	2,610,810	2,146,654
Class E	27,050,613	19,875,910
Class F	74,992,298	78,876,283
Class H	372,521,228	423,349,473
Class A-USD	531,558	367,544
Class E-USD	4,367,888	3,671,262
Class F-USD	9,280,064	8,186,948
Class H-USD	25,738,717	20,949,994
	517,093,176	557,424,068
Net assets attributable to holders of redeemable units per unit		
Class A	10.55	10.39
Class E	10.56	10.40
Class F	10.57	10.40
Class H	10.58	10.41
Class A-USD	USD 10.56	USD 10.40
Class E-USD	USD 10.58	USD 10.42
Class F-USD	USD 10.57	USD 10.41
Class H-USD	USD 10.58	USD 10.41

Approved by the Trustee, RP Investment Advisors LP



Chief Executive Officer
 RP Investment Advisors LP,
 By its general partner, RP Investment Advisors GP Inc.

RP Target 2026 Discount Bond Fund

Statement of Comprehensive Income

For the period ended June 30

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

	2025	2024
	\$	\$
Income		
Interest income for distribution purposes	1,826,041	1,320,310
Changes in fair value of investments, derivatives and cash		
Net realized gains (losses)	(2,783,691)	(1,967,245)
Net change in unrealized gains (losses)	9,842,263	7,789,750
Total income	8,884,613	7,142,815
Expenses		
Management fees (Note 8)	1,155,809	696,929
Operating fees (Note 8)	212,667	130,719
Fund expenses (Note 8)	6,874	5,026
Total expenses	1,375,350	832,674
Increase (decrease) in net assets attributable to holders of redeemable units	7,509,263	6,310,141
Increase (decrease) in net assets attributable to holders of redeemable units per class		
Class A	42,055	15,351
Class E	380,985	131,041
Class F	1,323,425	860,797
Class H	7,157,879	4,661,256
Class A-USD	(24,459)	6,028
Class E-USD	(128,185)	60,496
Class F-USD	(333,252)	145,111
Class H-USD	(909,185)	430,061
	7,509,263	6,310,141
Increase (decrease) in net assets attributable to holders of redeemable units per unit		
Class A	0.13	0.15
Class E	0.13	0.16
Class F	0.14	0.17
Class H	0.15	0.17
Class A-USD	USD 0.13	USD 0.16
Class E-USD	USD 0.13	USD 0.16
Class F-USD	USD 0.14	USD 0.17
Class H-USD	USD 0.15	USD 0.17

RP Target 2026 Discount Bond Fund

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

For the period ended June 30

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

									2025
	Class A	Class E	Class F	Class H	Class A-USD	Class E-USD	Class F-USD	Class H-USD	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets attributable to holders of redeemable units at beginning of period	2,146,654	19,875,910	78,876,283	423,349,473	367,544	3,671,262	8,186,948	20,949,994	557,424,068
Increase (decrease) in net assets attributable to holders of redeemable units	42,055	380,985	1,323,425	7,157,879	(24,459)	(128,185)	(333,252)	(909,185)	7,509,263
Distribution to holders of redeemable units from net investment income	(1,761)	(20,890)	(96,460)	(595,195)	(369)	(3,910)	(11,750)	(34,537)	(764,872)
Redeemable unit transactions									
Proceeds from redeemable units issued	2,463,988	10,527,113	22,406,957	28,637,412	520,474	2,221,465	8,097,671	4,335,904	79,210,984
Reinvestments of distribution to holders of redeemable units	1,114	19,144	64,244	165,326	263	3,910	9,826	14,118	277,945
Redemption of redeemable units	(508,423)	(5,365,854)	(18,545,154)	(95,129,277)	(89,020)	(1,795,861)	(2,495,679)	(2,634,944)	(126,564,212)
Switch in (out)	(1,532,817)	1,634,205	(9,036,997)	8,935,610	(242,875)	399,207	(4,173,700)	4,017,367	-
	423,862	6,814,608	(5,110,950)	(57,390,929)	188,842	828,721	1,438,118	5,732,445	(47,075,283)
Net increase (decrease) in net assets attributable to holders of redeemable units	464,156	7,174,703	(3,883,985)	(50,828,245)	164,014	696,626	1,093,116	4,788,723	(40,330,892)
Net assets attributable to holders of redeemable units at end of period	2,610,810	27,050,613	74,992,298	372,521,228	531,558	4,367,888	9,280,064	25,738,717	517,093,176
									2024
	Class A	Class E	Class F	Class H	Class A-USD	Class E-USD	Class F-USD	Class H-USD	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets attributable to holders of redeemable units at beginning of period	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	15,351	131,041	860,797	4,661,256	6,028	60,496	145,111	430,061	6,310,141
Distribution to holders of redeemable units from net investment income	(997)	(9,869)	(98,835)	(575,359)	(315)	(2,785)	(7,364)	(29,952)	(725,476)
Redeemable unit transactions									
Proceeds from redeemable units issued	5,699,592	8,354,028	153,165,424	308,196,729	437,758	3,624,106	10,504,892	20,308,756	510,291,285
Reinvestments of distribution to holders of redeemable units	816	9,354	61,145	124,572	309	2,770	3,750	7,844	210,560
Redemption of redeemable units	(80,407)	(125,762)	(3,762,674)	(19,174,967)	(1,096)	(1,368)	(3,487,926)	(3,120,827)	(29,754,667)
Switch in (out)	(3,928,281)	3,726,668	(79,166,669)	79,368,282	(137,290)	(139,157)	(1,877,737)	2,154,184	-
	1,692,080	11,964,288	70,297,226	368,515,616	299,681	3,486,351	5,142,979	19,349,957	480,747,178
Net increase (decrease) in net assets attributable to holders of redeemable units	1,706,434	12,085,460	71,059,188	372,600,513	305,394	3,544,062	5,280,726	19,750,066	486,331,843
Net assets attributable to holders of redeemable units at end of period	1,706,434	12,085,460	71,059,188	372,600,513	305,394	3,544,062	5,280,726	19,750,066	486,331,843

RP Target 2026 Discount Bond Fund

Statement of Cash Flows

For the period ended June 30

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

	2025	2024
	\$	\$
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	7,509,263	6,310,141
Adjustment for:		
Net realized (gains) losses on investments	(13,001,314)	3,195,017
Net change in unrealized (gains) losses on investments	(14,516,195)	(10,027,237)
Purchases of investments	(375,034,802)	(987,024,562)
Proceeds from sale of investments	436,444,671	506,366,204
(Increase) decrease in receivable for investments sold	2,055	-
(Increase) decrease in interest receivable	153,660	(1,551,921)
(Increase) decrease in derivative assets	1,080,837	(1,429,853)
Increase (decrease) in payable for investments purchased	-	3,693,155
Increase (decrease) in derivative liabilities	5,192,195	306,025
Increase (decrease) in management fees payable	(16,035)	153,615
Increase (decrease) in operating fees payable	(3,382)	28,391
Net cash provided by (used in) operating activities	47,810,953	(479,981,025)
Cash flows from financing activities		
Proceeds from redeemable units issued	79,210,984	510,291,285
Amounts paid on redemption of redeemable units	(126,564,212)	(29,754,667)
Distribution paid to holders of redeemable units, net of reinvested distributions	(486,927)	(514,916)
Net cash provided by (used in) financing activities	(47,840,155)	480,021,702
Increase (decrease) in cash during the period	(29,202)	40,677
Cash - Beginning of period	47,211	-
Cash - End of period	18,009	40,677
Supplementary information		
Interest received	1,979,701	1,320,310

RP Target 2026 Discount Bond Fund

Schedule of Investment Portfolio

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

Number of Shares/ Par Value	Security Description	Local Currency	Average Cost (Proceeds) (\$)	Fair Value (\$)	%
LONG POSITIONS					
Long-term Debt Securities					
3,000,000	AMERICAN TOWER CORP 1.45% 09/15/2026	USD	3,946,389	3,948,751	0.76%
12,165,000	ATHENE GLOBAL FUNDING EMTN 0.366% 09/10/2026	EUR	16,417,830	19,029,570	3.68%
1,250,000	ATHENE GLOBAL FUNDING 144A 1.73% 10/02/2026	USD	1,535,211	1,644,104	0.32%
3,280,000	ATHENE GLOBAL FUNDING REGS 1.73% 10/02/2026	USD	4,009,690	4,314,130	0.83%
18,650,000	AVIATION CAPITAL GROUP 1.95% 09/20/2026	USD	23,506,124	24,583,378	4.75%
14,900,000	BANCO SANTANDER SA 0.3% 10/04/2026	EUR	21,616,497	23,322,003	4.51%
15,840,000	BANK OF NOVA SCOTIA 0.125% 09/04/2026	EUR	21,941,704	24,797,390	4.80%
15,900,000	BNP PARIBAS 0.125% 09/04/2026	EUR	21,810,618	24,907,900	4.82%
15,935,000	COMCAST CORP 0% 09/14/2026	EUR	21,530,750	24,849,222	4.81%
18,710,000	CROWN CASTLE INC 1.05% 07/15/2026	USD	23,041,606	24,549,067	4.75%
7,381,000	ENBRIDGE INC 1.6% 10/04/2026	USD	9,935,940	9,721,377	1.88%
16,165,000	HIGHLAND HOLDINGS SARL 0.318% 12/15/2026	EUR	21,849,556	25,160,687	4.87%
14,959,000	MONDELEZ INTL HLDINGS NE 0% 09/22/2026	EUR	22,913,824	23,328,676	4.51%
15,099,000	PHILIP MORRIS INTL INC 0.125% 08/03/2026	EUR	20,537,644	23,654,075	4.57%
16,100,000	SVENSKA HANDELSBANKEN AB 0.05% 09/03/2026	EUR	21,701,854	25,137,004	4.86%
15,930,000	TOYOTA MOTOR CREDIT CORP 0.25% 07/16/2026	EUR	22,251,365	25,041,021	4.84%
17,910,000	UNIVERSAL HEALTH SVCS 1.65% 09/01/2026	USD	23,658,762	23,567,947	4.56%
17,650,000	VMWARE LLC 1.4% 08/15/2026	USD	22,170,785	23,263,311	4.50%
15,915,000	VOLKSWAGEN LEASING GMBH 0.375% 07/20/2026	EUR	21,730,668	24,998,293	4.83%
			346,106,817	379,817,906	73.45%
Short-term Debt Securities					
11,695,000	AT&T INC 0.25% 03/04/2026	EUR	16,063,100	18,510,309	3.58%
4,497,000	AVOLON HOLDINGS FNDG LTD 2.125% 02/21/2026	USD	5,659,474	6,017,422	1.16%
3,700,000	BANQUE FED CRED MUTUEL 0.01% 05/11/2026	EUR	5,541,868	5,832,031	1.13%
12,620,000	CANADA T-BILL 0% 07/02/2025	CAD	12,604,003	12,618,233	2.44%
11,430,000	GENERAL MOTORS FINL CO 1.5% 06/10/2026	USD	15,153,551	15,113,551	2.92%
8,500,000	GM FINANCIAL CAD 1.75% 04/15/2026	CAD	7,952,108	8,408,880	1.63%
6,370,000	HYUNDAI CAPITAL AMERICA 144A 1.5% 06/15/2026	USD	7,875,609	8,424,772	1.63%
8,520,000	HYUNDAI CAPITAL AMERICA REGS 1.5% 06/15/2026	USD	10,512,030	11,268,297	2.18%
2,601,000	MIZUHO FINANCIAL GROUP 0.184% 04/13/2026	EUR	3,581,757	4,110,401	0.79%
15,720,000	NATWEST MARKETS PLC 0.125% 06/18/2026	EUR	21,415,580	24,741,934	4.78%
1,450,000	ONTARIO POWER GENERATION 1.17% 04/22/2026	CAD	1,355,122	1,431,832	0.28%
15,830,000	UBS AG LONDON 0.01% 03/31/2026	EUR	21,692,851	25,005,220	4.84%
			129,407,053	141,482,882	27.36%
Total long investment as at June 30, 2025			475,513,870	521,300,788	100.81%
Total investment as at June 30, 2025				521,300,788	100.81%
Cash				18,009	0.00%
Unrealized gain (loss) on derivatives				(5,131,262)	-0.99%
Other assets less liabilities				905,641	0.18%
Total net assets attributable to holders of redeemable units				517,093,176	100.00%

RP Target 2026 Discount Bond Fund

Schedule of Investment Portfolio

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

Foreign Currency Forward Contracts								
Counterparty	Settlement Date		Par Value		Par Value	Contract Rate	Market Rate	Unrealized Gain (Loss) (\$)
BANK OF MONTREAL	08/29/2025	BUY	CAD 228,907,210	SELL	EUR 143,188,000	1.599	1.606	(1,035,648)
NORTHERN TRUST CORP	09/04/2025	BUY	CAD 110,268,915	SELL	EUR 70,245,000	1.570	1.606	(2,546,639)
NORTHERN TRUST CORP	07/02/2025	BUY	CAD 13,081,639	SELL	USD 9,603,000	1.362	1.362	3,834
NORTHERN TRUST CORP	07/02/2025	BUY	CAD 1,089,499	SELL	USD 797,000	1.367	1.362	4,108
CANADIAN IMPERIAL BANK OF COMMERCE	07/28/2025	BUY	CAD 102,048,623	SELL	USD 75,000,000	1.361	1.360	60,472
								<u>(3,513,873)</u>

RP Target 2026 Discount Bond Fund

Notes to the Financial Statements

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

1 General information

RP Target 2026 Discount Bond Fund (the “Fund”) is an open-ended mutual fund trust governed under the laws of Ontario. The Fund was formed on January 4, 2024. The address of the Fund’s registered office is 39 Hazelton Avenue, Toronto, Ontario.

The primary objective of the Fund is to generate stable risk-adjusted absolute returns consisting of dividends, interest income and capital gains. The Fund intends to achieve its investment objective by investing predominantly in investment-grade corporate debt and debt-like securities with maturities primarily less than three years, with a focus on capital preservation. The Fund intends to implement this objective for a limited period of time and will terminate on or about December 31, 2026 or any other date upon not less than 60 days’ notice to unitholders (“Termination Date”).

The Fund’s investment activities are managed by RP Investment Advisors LP (the “Investment Manager”), which is located at 39 Hazelton Avenue, Toronto, Ontario, with the administration delegated to Apex Fund Services Ltd. (the “Administrator”). The Investment Manager will earn management fees from the Fund.

These financial statements were authorized for issue by the Trustee on August 27, 2025.

2 Material accounting policy information

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis of presentation

The financial statements have been prepared under the historical cost basis, except for the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVTPL”).

A reconciliation between the opening and closing balances of the Units of the Fund is presented in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units for the period ended June 30, 2025, including changes from cash flows and non-cash changes.

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements of the Fund are presented in Canadian dollars, which is the Fund’s functional and presentation currency.

RP Target 2026 Discount Bond Fund

Notes to the Financial Statements

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of such transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign currency exchange gains and losses arising from translation are included in the Statement of Comprehensive Income. Foreign exchange gains (losses) on financial assets and financial liabilities at FVTPL are included in net realized and net change in unrealized gains (losses) on investments, derivatives, and cash in the Statement of Comprehensive Income. Foreign exchange gains (losses) on financial assets and financial liabilities other than those classified as FVTPL are included in net realized and unrealized gains (losses) in the Statement of Comprehensive Income.

b) Financial assets and financial liabilities

Classification

The Fund classifies its investments in debt and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed, and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The Fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

Recognition, derecognition and measurement

Regular purchase and sale of investments are recognized on the trade date, the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities are initially recognized at fair value.

All financial assets and financial liabilities are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the investment has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

The cost of investments is based on the weighted average cost of investments. Realized gains and losses on disposition, including foreign exchange gains and losses on such investments, are determined based on the average cost of investments.

RP Target 2026 Discount Bond Fund

Notes to the Financial Statements

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Unaudited (expressed in Canadian dollars, unless indicated otherwise)

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value are presented in the Statement of Comprehensive Income in the period in which they arise.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on last available quoted market prices at 4:00 pm (Eastern Time) on the reporting date and the mid of the bid-ask for fixed income securities. In circumstances where the 4:00 pm price is not within the bid-ask spread, the Administrator in consultation with the Investment Manager will determine the point within the bid-ask spread that is most representative of fair value based on standard industry practice.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

c) Foreign currency forward contracts

Foreign currency forward contracts entered into by the Fund are financial agreements to buy or sell a specific amount of an underlying currency for an agreed price at a future date. The fair value of these contracts is the gains (losses) that would be recognized if the position was closed out or expired on the valuation date and is recorded as unrealized gains (losses). When the contracts are closed out or expired, the gains (losses) are realized and are reported as net realized gains (losses) in the Statement of Comprehensive Income.

d) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

e) Cash

Cash is comprised of deposits with financial institutions.

f) Investment transactions and income

The Fund's investment holdings include trades executed through 1:00 pm of the business day in the period. Purchases and sales of investments are recorded on a trade-date basis. Interest income (interest expense

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Notes to the Financial Statements

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

for investments sold short) is recorded on the accrual basis. Realized gains and losses are recorded on the average cost basis. Dividend income is recognized on the ex-dividend date in gross amount.

Interest receivable is shown separately in the Statement of Financial Position based on the debt instruments' stated rate of interest. The cost of investments is determined using the average cost method.

Investment income and net realized and unrealized gains (losses) and dividend income are allocated on a pro-rata basis to each class of units based on the relative net assets of each class to the total net assets of the Fund.

g) Other financial assets and financial liabilities

Other financial assets, including receivable for investments sold and interest receivable are measured at cost or amortized cost. Amortized cost approximates fair value for these assets due to their short-term nature.

At each reporting date, the Fund measures the loss allowance on these financial assets at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material.

Similarly, other financial liabilities, including management fees payable and operating fees payable are measured at cost or amortized cost. Amortized cost approximates fair value for these liabilities due to their short-term nature.

h) Cost of investments, investments sold short and loan fees

The cost of financial assets or financial liabilities at fair value represents the amount paid (or proceeds received) for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

i) Redeemable units

The Fund issues redeemable units, which are redeemable at the unitholder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Fund at any time for cash equal to the proportional unit of the Fund's net assets attributable to the unit class.

The redeemable units are carried at the redemption amount that is payable at the Statement of Financial Position date if the unitholder exercises the right to put the unit back to the Fund. Redeemable units are issued and redeemed at the unitholder's option at prices based on the Fund's net assets per unit at the trade date. The Fund's net assets per unit is calculated by dividing the net assets attributable to the unitholders of each class of redeemable units with the total number of outstanding redeemable units for each respective class.

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Notes to the Financial Statements

As at June 30, 2025

Unaudited (expressed in Canadian dollars, unless indicated otherwise)

j) Net assets attributable to holders of redeemable units per unit

Net assets attributable to holders of redeemable units per unit is calculated at the close of business on every valuation date as the net assets attributable to each class of units divided by its respective outstanding units. A valuation date is every day the Toronto Stock Exchange is open.

k) IFRS Accounting Standards issued but not yet adopted

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS Accounting Standards 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (“MPMs”) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS Accounting Standards 9 – Financial Instruments and IFRS Accounting Standards 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (“ESG”)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income (“FVOCI”) and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires the Investment Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following discusses the most significant judgments and estimates that the Fund has made in preparing the financial statements.

Fair value measurement of derivatives and securities not quoted in an active market

Investment Manager uses its judgment in selecting an appropriate valuation technique when the Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using a variety of methods and Investment Manager makes assumptions that are based on market

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conditions existing at each reporting date. Valuation techniques include using reputable independent pricing sources, broker quotes, counterparty valuations, comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Presentation of redeemable units

IAS 32 requires that puttable instruments to be presented as a liability rather than the equity on the Fund's Statement of Financial Position, unless certain conditions are met. IAS 32 defines a puttable instrument as a financial instrument that gives the unitholder the right to put the instrument back to the issuer for cash or another financial asset. The Fund distributes any net income and capital gain in cash (at the request of the unitholder). In addition, each class of redeemable units do not have identical features and are not equally subordinate to each other. Therefore, the Fund's redeemable units do not meet the criteria for classification as equity and have been classified as financial liabilities on the Statement of Financial Position.

4 Financial risks

The nature of the Fund's activities exposes it to a variety of financial risks: market risk (including interest rate risk, and currency risk), credit risk, and liquidity risk.

The Fund is also exposed to operational risks, such as custody risk. Custody risk is the risk of loss of investments held in custody occasioned by the insolvency or negligence of the prime broker or custodian. Although an appropriate legal framework is in place that mitigates the risk of loss of value of the investments held by the counterparty or custodian, in the event of its failure, the ability of the Fund to transfer the investments might be impaired.

The Investment Manager's overall risk management program aims to maximize the returns derived for the level of risk to which the Fund is exposed to and aims to minimize potential adverse effects of these risks on the Fund's performance. The Investment Manager will minimize risk by employing experienced market professionals, developing a formal risk management policy with guidelines and limits over the Fund's risk exposures, continuously monitoring the Fund's positions and market events, and diversifying the investment portfolio within the constraints of the investment objective.

Market risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The Risk Committee maintains a risk management practice to monitor the market risk continuously, such as using various measures of portfolio volatility, stress testing for profit and loss and shocking interest rates and credit curves for the return.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair values of financial assets, financial liabilities and future cash flow. The Fund holds fixed interest investments that expose the Fund to fair value interest rate risk. The Fund also holds cash and short-term investments that expose the Fund to cash flow interest rate risk.

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The following tables represent the Fund's exposure based on maturity and its sensitivity assuming a 1 basis point movement in interest rates.

Maturity

	June 30, 2025		December 31, 2024	
	Fair Value	Sensitivity	Fair Value	Sensitivity
	\$	\$	\$	\$
Financial assets				
Less than 2 years	521,300,788	54,621	555,193,148	80,956
	<u>521,300,788</u>	<u>54,621</u>	<u>555,193,148</u>	<u>80,956</u>

In accordance with the Fund's policy, the Investment Manager monitors the Fund's overall interest rate sensitivity continuously and the Risk Committee monitors it regularly.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The Fund invests in financial assets and financial liabilities (including cash and investments) denominated in currencies other than the Canadian dollar, and gains and losses in investment transactions may be in currencies other than the Canadian dollar. The Fund may enter foreign currency forward contracts for hedging purposes to reduce foreign currency exposure. The Investment Manager reviews the Fund's currency positions as part of the investment management process.

Net foreign currency exposure as at June 30, 2025 and December 31, 2024 in Canadian dollar equivalents as follows:

	June 30, 2025		December 31, 2024	
	USD	EUR	USD	EUR
Monetary assets				
Investments at fair value	157,096,605	342,842,352	172,156,717	338,099,954
Receivable for investments sold	-	-	2,055	-
Cash	16,044	-	23,532	975
Derivative assets	-	-	1,012,098	1,140,824
Total monetary assets	<u>157,112,649</u>	<u>342,842,352</u>	<u>173,194,402</u>	<u>339,241,753</u>
Monetary liabilities				
Derivative liabilities	(116,150,348)	(342,758,279)	(139,308,117)	(338,689,837)
USD class exposure	(39,918,227)	-	(33,175,748)	-
Total monetary liabilities	<u>(156,068,575)</u>	<u>(342,758,279)</u>	<u>(172,483,865)</u>	<u>(338,689,837)</u>
Net exposure	1,044,074	84,073	710,537	551,916
10% impact on net assets	104,407	8,407	71,054	55,192

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If foreign exchange rates had increased or decreased by 10% for each of USD and EUR compared to CAD, with all other variables held constant, net assets would have increased or decreased by \$112,814 (December 31, 2024 - \$126,246) respectively. This represents Investment Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to volatilities of those rates.

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 majority of the Fund's assets are investments traded in an active market and can be easily disposed of at market prices. There is no assurance that an adequate market for investments owned by the Fund will continue to exist due to fluctuations in trading volumes and market prices.

The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. In accordance with the Fund's policy, the Investment Manager monitors liquidity continuously. The Fund invests in financial instruments which are not publicly traded but traded over the counter. The Investment Manager only purchase over-the-counter securities with a reasonable number of market participants to facilitate disposal on a timely basis. Due to the continuous review and borrowing ability, the Investment Manager believes there is minimal liquidity risk.

Credit risk

Credit risk is the risk that a debtor will fail to discharge its obligations, causing a financial loss to bondholders or counterparties. The Fund's main credit risk concentration is in debt securities whose fair value includes consideration of the creditworthiness of the debt issuer. The Fund is also exposed to counterparty credit risk on cash and short-term investments, amounts due from brokers for investments sold, and amounts due from broker and other assets. The Investment Manager actively manages credit risk. The Fund invested in debt securities and related derivatives with the following credit ratings:

Debt securities by rating category

Debt rating	June 30, 2025	
	Fair Value	Net
	(Long)	Exposure
	\$	\$
AA	37,623,453	37,623,453
A	277,503,979	277,503,979
BBB	206,173,356	206,173,356
	<u>521,300,788</u>	<u>521,300,788</u>

Debt rating	December 31, 2024	
	Fair Value	Net
	(Long)	Exposure
	\$	\$
AA	39,994,878	39,994,878
A	306,330,967	306,330,967
BBB	208,867,303	208,867,303
	<u>555,193,148</u>	<u>555,193,148</u>

All transactions are made through registered members of a recognized regulatory body and are settled on delivery using the Fund's custodian, Northern Trust Corp. The risk of default is considered minimal, as delivery of securities

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sold is only made when the custody has received payment. The Fund is also exposed to credit risk from counterparties to foreign currency forward contracts, cash and short-term investments. The maximum exposure to credit risk as June 30, 2025 and December 31, 2024 are the carrying amount of financial assets as set out below:

Credit risk

	June 30, 2025	December 31, 2024
	\$	\$
Investments at fair value	521,300,788	555,193,148
Interest receivable	1,131,747	1,285,407
Derivative assets	68,414	1,149,251
Cash	18,009	47,211
Receivable for investments sold	-	2,055
	522,518,958	557,677,072

Offsetting and amounts subject to master netting agreements

The following table present the Fund's financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument. The "Net" column shows what the impact on the Fund's Statement of Financial Position would be if all set-off rights were exercised.

	Amounts offset			Amounts not offset		
	Gross assets/ liabilities	Gross assets/ liabilities offset	Net amounts presented	Financial instruments	Cash collateral	Net
	\$	\$	\$	\$	\$	\$
June 30, 2025						
Derivative assets	68,414	-	68,414	-	-	68,414
Derivative liabilities	(5,199,676)	-	(5,199,676)	-	-	(5,199,676)
December 31, 2024						
Derivative assets	1,149,251	-	1,149,251	-	-	1,149,251
Derivative liabilities	(7,481)	-	(7,481)	-	-	(7,481)

Capital management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The Fund generally has no restrictions or specific capital requirements on the subscriptions and redemptions of units other than minimum subscription requirements; although, on rare occasions, redemption rights of unitholders may be suspended.

In accordance with the objectives and the risk management policies outlined of the Fund, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining enough liquidity to meet redemptions.

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5 Fair value measurement

Financial instruments are classified within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices and the lowest priority to unobservable inputs. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are:

Level 1 - unadjusted quoted prices in active markets for assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data.

The following table analyzes within the fair value hierarchy, the Fund's financial assets and financial liabilities.

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Bonds	-	521,300,788	-	521,300,788
Derivative assets	-	68,414	-	68,414
Total	-	521,369,202	-	521,369,202
Financial liabilities				
Derivative liabilities	-	(5,199,676)	-	(5,199,676)
Total	-	(5,199,676)	-	(5,199,676)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Bonds	-	555,193,148	-	555,193,148
Derivative assets	-	1,149,251	-	1,149,251
Total	-	556,342,399	-	556,342,399
Financial liabilities				
Derivative liabilities	-	(7,481)	-	(7,481)
Total	-	(7,481)	-	(7,481)

Investments, whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, exchange traded derivatives and certain non-US sovereign obligations. The Fund does not adjust the quoted price for these financial instruments.

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 within level 2. These include investment-grade corporate bonds and certain non-US sovereign obligations, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions that are attached to the instruments, valuations may be adjusted to reflect non-transferability, which are generally based on available market information.

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Bonds include primarily government and corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds and short-term investments have been classified as Level 2. There were no items classified as Level 3 throughout the period nor were there any transfers between Level 3 and Levels 1 and 2 during the period ended June 30, 2025 and the year ended December 31, 2024.

The following tables present the carrying amounts of the Fund's financial instruments by category as at:

	June 30, 2025		
	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at amortized cost	Total
	\$	\$	\$
Assets as per statement of financial position			
Investments at fair value	521,300,788	-	521,300,788
Interest receivable	-	1,131,747	1,131,747
Cash	-	18,009	18,009
Derivative assets	68,414	-	68,414
Total	521,369,202	1,149,756	522,518,958
Liabilities as per statement of financial position			
Derivative liabilities	5,199,676	-	5,199,676
Management fees payable	-	191,160	191,160
Operating fees payable	-	34,946	34,946
Net assets attributable to holders of redeemable units	-	517,093,176	517,093,176
Total	5,199,676	517,319,282	522,518,958
	December 31, 2024		
	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at amortized cost	Total
	\$	\$	\$
Assets as per statement of financial position			
Investments at fair value	555,193,148	-	555,193,148
Receivable for investments sold	-	2,055	2,055
Interest receivable	-	1,285,407	1,285,407
Cash	-	47,211	47,211
Derivative assets	1,149,251	-	1,149,251
Total	556,342,399	1,334,673	557,677,072
Liabilities as per statement of financial position			
Derivative liabilities	7,481	-	7,481
Management fees payable	-	207,195	207,195
Operating fees payable	-	38,328	38,328
Net assets attributable to holders of redeemable units	-	557,424,068	557,424,068
Total	7,481	557,669,591	557,677,072

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6 Income taxes and distributions

The Fund qualifies as a mutual fund trust under the provision of the Income Tax Act (Canada) and is not subject to taxes on net income, including net realized taxable capital gain for the taxation year, which is paid or payable to unitholders at the end of the taxation year. However, such part of the Fund's taxable income and net realized capital gain that is not paid or payable will be taxable to the Fund. Income taxes on Fund's taxable income and net realized capital gain not paid or payable will generally be recovered by virtue of refunding provision contained in the Income Tax Act (Canada) and provincial income tax legislation, as redemptions occur. It is the intention of the Fund to distribute all net income and sufficient net realized capital gain so that the Fund will not generally be liable for income taxes thereon. The distributions paid or payables in excess of the net income for tax purposes of the Fund represent a return of capital to unit holders. Distributions are automatically reinvested in additional Fund units unless unitholders have elected to receive distributions in cash. Those dividends or distributions are reinvested at the net assets per unit of the applicable class on the dividend or distribution date.

During the period ended June 30, 2025, the Fund made distributions in the amount of \$764,872 (June 30, 2024 - \$725,476). The Fund paid \$486,927 (June 30, 2024 - \$514,916) in cash distributions and \$277,945 (June 30, 2024 - \$210,560) was reinvested.

7 Units issued and outstanding

Issued and changes in units held

The Fund is permitted to issue an unlimited number of classes and may issue an unlimited number of units of each class. Units of the Fund are offered in eight different classes.

Class A units are offered to all investors who wish to have Canadian dollar currency exposure.

Class E units are offered to investors who wish to have Canadian dollar currency exposure, and who hold more than \$100,000 in units of the Fund.

Class F units are offered to investors who wish to have Canadian dollar currency exposure, are enrolled in a dealer sponsored fee for service or wrap program and are subject to an asset based fee rather than commissions on each transaction.

Class H units are offered to investors who wish to have Canadian dollar currency exposure and who hold more than \$100,000 in units of the Fund. Class H units have a higher investment minimum and a lower management fee than, but are otherwise identical to, Class F units.

Class A-USD units, Class E-USD units, Class F-USD units and Class H-USD units are also available and are offered in the same manner and are identical in all other respects to Class A units, Class E units, Class F units and Class H units, respectively, except that they are issued to investors investing in U.S. dollars, pay distributions in U.S. dollars and are redeemable in U.S. dollars.

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	Number of units					June 30, 2025
	Beginning of period	Issued	Reinvested	Redeemed	Switch in (out)	End of period
Class A	206,584	236,643	106	(48,660)	(147,197)	247,476
Class E	1,911,389	1,002,808	1,827	(511,366)	156,751	2,561,409
Class F	7,581,950	2,138,490	6,131	(1,770,134)	(862,302)	7,094,135
Class H	40,666,574	2,735,435	15,770	(9,065,706)	851,934	35,204,007
Class A-USD	24,574	34,717	24	(6,126)	(16,238)	36,951
Class E-USD	245,043	150,175	264	(119,026)	26,561	303,017
Class F-USD	547,187	545,273	664	(168,702)	(280,032)	644,390
Class H-USD	1,400,076	293,725	954	(178,083)	269,602	1,786,274
Total	52,583,377	7,137,266	25,740	(11,867,803)	(921)	47,877,659

	Number of units					December 31, 2024
	Beginning of year	Issued	Reinvested	Redeemed	Switch in (out)	End of year
Class A	-	934,631	226	(28,053)	(700,220)	206,584
Class E	-	1,427,771	3,009	(107,189)	587,798	1,911,389
Class F	-	18,092,150	14,230	(1,015,696)	(9,508,734)	7,581,950
Class H	-	36,447,584	32,059	(5,431,160)	9,618,091	40,666,574
Class A-USD	-	32,044	46	(79)	(7,437)	24,574
Class E-USD	-	274,057	575	(15,018)	(14,571)	245,043
Class F-USD	-	1,155,286	961	(361,020)	(248,040)	547,187
Class H-USD	-	1,818,472	1,779	(690,312)	270,137	1,400,076
Total	-	60,181,995	52,885	(7,648,527)	(2,976)	52,583,377

Subscriptions

Subscriptions will be processed on each day that the Toronto Stock Exchange is open for business (each a "Trade Date"). If the purchase order is received before 4:00 p.m. (Eastern Time) on a valuation day, it will be processed at the unit price calculated later that day. Otherwise, it will be processed at the unit price calculated on the next valuation day. The order may be processed at an earlier time on a particular day that banks are not open for business in the City of Toronto or any other day which is a legal holiday in such city. Orders received after that earlier closing time would be processed on the next valuation day. At the Investment Manager's sole discretion, the Fund may suspend new subscriptions for the Fund's units.

Redemptions

If redemption order is received before 4:00 p.m. (Eastern Time) on any valuation day, it will be processed at the unit price calculated later that day. Otherwise, it will be processed at the unit price calculated on the next valuation day. Orders may be processed at an earlier time on a day that banks are not open for business in the City of Toronto or any other day which is a legal holiday in such city. Orders received after that earlier closing time would be processed on the next valuation day. Redemptions may be suspended in certain circumstances.

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8 Related party transactions

Management fees

The Investment Manager receives management fees by the Fund for providing its services to the Fund. The management fees vary for each class of units. The management fees are calculated and accrued daily based on a percentage of the net assets of the class of units of the Fund, plus applicable taxes, and is payable on the last day in each month.

The annual management fees rate for each class is as follows:

- Class A and Class A-USD – 0.70% per annum
- Class E and Class E-USD – 0.60% per annum
- Class F and Class F-USD – 0.45% per annum
- Class H and Class H-USD – 0.35% per annum

Total management fees for the period ended June 30, 2025 amounted to \$1,155,809 (June 30, 2024 - \$696,929) with \$191,160 in outstanding accrued fees due to the Investment Manager at June 30, 2025 (December 31, 2024 - \$207,195).

Operating fees

The Investment Manager will be responsible for all operating expenses of the Fund, other than certain fund costs described in the Prospectus in exchange for the payment by the Fund of a fixed rate administration fee of 0.07% per annum. The administration fee paid to the Investment Manager by the Fund may, in any period, be less than or exceed the operating expenses that the Investment Manager incurs in respect of the Fund. The operating expenses include, but are not limited to, accounting, audit and legal fees, registrar and transfer agency fees and expenses, safekeeping and custodian fees, all costs and expenses associated with the sale of units, administrative, operating and systems costs, costs of printing and disseminating prospectuses, annual information forms, fund facts and continuous disclosure materials, investor servicing and communication costs and regulatory filing fees and costs.

Total operating fees for the period ended June 30, 2025 amounted to \$212,667 (June 30, 2024 - \$130,719) with \$34,946 in outstanding accrued fees due to the Investment Manager at June 30, 2025 (December 31, 2024 - \$38,328).

Fund expenses

The fund expenses which are payable directly by the Fund are expenses associated with the operation of the independent review committee ("IRC") (including the total compensation paid to the IRC, costs of holding meetings, and expenses of any advisers engaged by the IRC) or other advisory committee, compliance with any governmental and regulatory requirements. The IRC fees are paid in advance. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.

Total fund expenses for the period ended June 30, 2025 amounted to \$6,874 (June 30, 2024 - \$5,026).