

2024

Interim Report

June 30, 2024

AIC Segregated Funds are issued by:

ivari®

AIC Segregated Funds 2024 Semi-Annual Report

TABLE OF CONTENTS

AIC DIVERSIFIED GROUP

▪ AIC Diversified Canada Segregated Fund	1
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AIC INCOME GROUP

▪ AIC Money Market Segregated Fund	4
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Notes to Financial Statements	7
--------------------------------------	---

Supplemental Information	13
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AIC Diversified Canada Segregated Fund

Statements of Financial Position (Unaudited)

As at	June 30, 2024	December 31, 2023
(\$ in thousands except for per unit amounts)		
Assets		
Current assets		
Investments, at fair value	3,705	3,409
Cash	38	40
Receivable from Manager	19	42
	<u>3,762</u>	<u>3,491</u>
Liabilities		
Current liabilities		
Payable on investments purchased	1	-
Accrued expenses and other liabilities	50	30
	<u>51</u>	<u>30</u>
Net assets attributable to contractholders	<u>3,711</u>	<u>3,461</u>
Net assets attributable to contractholders per class		
100% Guarantee Option	2,674	2,507
75% Guarantee Option	1,037	954
	<u>3,711</u>	<u>3,461</u>
Net assets attributable to contractholders per unit		
100% Guarantee Option	9.59	8.78
75% Guarantee Option	11.52	10.53

Statements of Comprehensive Income (Unaudited)

For the periods ended June 30	2024	2023
(\$ in thousands except for per unit amounts)		
Income		
Interest for distribution purposes	1	1
Distribution income from underlying funds	7	2
Other income (loss)	4	4
Realized gain (loss) on sales of investments	10	10
Change in unrealized appreciation (depreciation) in the value of investments	347	474
	<u>369</u>	<u>491</u>
Expenses		
Management fees	39	36
Administration fees	19	20
Audit fees	2	5
Custodial fees	1	-
Other operating expenses	4	6
	<u>65</u>	<u>67</u>
Less operating expenses absorbed by Manager	(14)	(17)
Net expenses	<u>51</u>	<u>50</u>
Increase (decrease) in net assets attributable to contractholders	<u>318</u>	<u>441</u>
Increase (decrease) in net assets attributable to contractholders per class		
100% Guarantee Option	228	319
75% Guarantee Option	90	122
	<u>318</u>	<u>441</u>
Increase (decrease) in net assets attributable to contractholders per unit		
100% Guarantee Option	0.81	1.08
75% Guarantee Option	1.00	1.28

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

AIC Diversified Canada Segregated Fund

Statements of Changes in Net Assets Attributable to Contractholders (Unaudited)For the period ended June 30, 2024
(\$ in thousands)

	Fund	100% Guarantee Option	75% Guarantee Option
Net assets attributable to contractholders -			
beginning of period	3,461	2,507	954
Increase (decrease) in net assets attributable to			
contractholders	318	228	90
Unit transactions			
Redemption of units	(68)	(61)	(7)
Total unit transactions	(68)	(61)	(7)
Net assets attributable to contractholders - end of			
period	3,711	2,674	1,037
Changes due to unit transactions ('000)			
Units outstanding beginning of period		286	91
Units redeemed		(7)	(1)
Units outstanding end of period		279	90

Statements of Changes in Net Assets Attributable to Contractholders (Unaudited)For the period ended June 30, 2023
(\$ in thousands)

	Fund	100% Guarantee Option	75% Guarantee Option
Net assets attributable to contractholders -			
beginning of period	3,120	2,272	848
Increase (decrease) in net assets attributable to			
contractholders	441	319	122
Unit transactions			
Redemption of units	(118)	(77)	(41)
Total unit transactions	(118)	(77)	(41)
Net assets attributable to contractholders - end of			
period	3,443	2,514	929
Changes due to unit transactions ('000)			
Units outstanding beginning of period		304	95
Units redeemed		(9)	(4)
Units outstanding end of period		295	91

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

AIC Diversified Canada Segregated Fund

Statements of Cash Flows (Unaudited)

For the periods ended June 30 (\$ in thousands)	2024	2023
Cash flows from operating activities		
Increase (decrease) in net assets attributable to contractholders	318	441
Adjustments for:		
Distributions from underlying funds	(7)	(2)
Realized (gain) loss on sales of investments	(10)	(10)
Change in unrealized (appreciation) depreciation in the value of investments	(347)	(474)
Proceeds from disposition of investments	69	121
Receivable from Manager	23	24
Accrued expenses and other liabilities	20	(5)
Net cash provided by (used in) operating activities	66	95
Cash flows from financing activities		
Payments for units redeemed	(68)	(118)
Net cash provided by (used in) financing activities	(68)	(118)
Net increase (decrease) in cash	(2)	(23)
Cash (bank overdraft) beginning of period	40	79
Cash (bank overdraft) end of period	38	56
Supplemental information on cash flows from operating activities:		
Interest received, net of foreign withholding taxes	1	1

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2024

Par value (\$ ('000))/ No. of shares / No. of units	Name	Average cost (\$) ('000)	Fair value (\$) ('000)
Mutual Funds 99.8%			
382,901	Manulife Dividend Income Plus Fund, Advisor Series	3,163	3,705
	Total Investments	3,163	3,705
	Other assets less liabilities 0.2%		6
	Net assets attributable to contractholders		
	100.0%		3,711

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

AIC Money Market Segregated Fund

Statements of Financial Position (Unaudited)

As at	June 30, 2024	December 31, 2023
(\$ in thousands except for per unit amounts)		
Assets		
Current assets		
Investments, at fair value	888	959
Cash	79	77
Receivable from investments sold	1	1
Receivable from Manager	40	22
Distribution receivable from underlying funds	-	4
	<u>1,008</u>	<u>1,063</u>
Liabilities		
Current liabilities		
Payable on investments purchased	-	4
Accrued expenses and other liabilities	41	23
	<u>41</u>	<u>27</u>
Net assets attributable to contractholders	<u>967</u>	<u>1,036</u>
Net assets attributable to contractholders per class		
100% Guarantee Option	824	895
75% Guarantee Option	143	141
	<u>967</u>	<u>1,036</u>
Net assets attributable to contractholders per unit		
100% Guarantee Option	6.83	6.66
75% Guarantee Option	7.90	7.71

Statements of Comprehensive Income (Unaudited)

For the periods ended June 30	2024	2023
(\$ in thousands except for per unit amounts)		
Income		
Interest for distribution purposes	2	1
Distribution income from underlying funds	23	21
	<u>25</u>	<u>22</u>
Expenses		
Management fees	1	1
Administration fees	17	18
Audit fees	2	5
Other operating expenses	4	5
	<u>24</u>	<u>29</u>
Less operating expenses absorbed by Manager	(23)	(28)
Net expenses	<u>1</u>	<u>1</u>
Increase (decrease) in net assets attributable to contractholders	<u>24</u>	<u>21</u>
Increase (decrease) in net assets attributable to contractholders per class		
100% Guarantee Option	20	20
75% Guarantee Option	4	1
	<u>24</u>	<u>21</u>
Increase (decrease) in net assets attributable to contractholders per unit		
100% Guarantee Option	0.16	0.14
75% Guarantee Option	0.19	0.09

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

AIC Money Market Segregated Fund

Statements of Changes in Net Assets Attributable to Contractholders (Unaudited)For the period ended June 30, 2024
(\$ in thousands)

	Fund	100% Guarantee Option	75% Guarantee Option
Net assets attributable to contractholders -			
beginning of period	1,036	895	141
Increase (decrease) in net assets attributable to			
contractholders	24	20	4
Unit transactions			
Redemption of units	(93)	(91)	(2)
Total unit transactions	(93)	(91)	(2)
Net assets attributable to contractholders - end of			
period	967	824	143
Changes due to unit transactions ('000)			
Units outstanding beginning of period		134	18
Units redeemed		(13)	-
Units outstanding end of period		121	18

Statements of Changes in Net Assets Attributable to Contractholders (Unaudited)For the period ended June 30, 2023
(\$ in thousands)

	Fund	100% Guarantee Option	75% Guarantee Option
Net assets attributable to contractholders -			
beginning of period	1,002	893	109
Increase (decrease) in net assets attributable to			
contractholders	21	20	1
Unit transactions			
Proceeds from units issued	56	19	37
Redemption of units	(46)	(37)	(9)
Total unit transactions	10	(18)	28
Net assets attributable to contractholders - end of			
period	1,033	895	138
Changes due to unit transactions ('000)			
Units outstanding beginning of period		140	15
Units issued		3	4
Units redeemed		(5)	(1)
Units outstanding end of period		138	18

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

AIC Money Market Segregated Fund

Statements of Cash Flows (Unaudited)

For the periods ended June 30
(\$ in thousands)

2024 2023

Cash flows from operating activities

Increase (decrease) in net assets attributable to
contractholders

24 21

Adjustments for:

Distributions from underlying funds

(23) (21)

Purchases of investments

- (20)

Proceeds from disposition of investments

94 48

Receivable from Manager

(18) 5

Accrued expenses and other liabilities

18 (5)

Net cash provided by (used in) operating activities

95 28

Cash flows from financing activities

Proceeds from sale of units

- 56

Payments for units redeemed

(93) (46)

Net cash provided by (used in) financing activities

(93) 10

Net increase (decrease) in cash

2 38

Cash (bank overdraft) beginning of period

77 74

Cash (bank overdraft) end of period

79 112

Supplemental information on cash flows from operating activities:

Interest received, net of foreign withholding taxes

2 1

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2024

Par value (\$ ('000))/ No. of shares / No. of units	Name	Average cost (\$ ('000))	Fair value (\$ ('000))
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Mutual Funds 91.8%

88,775	Manulife Money Market Fund, Series HE	888	888
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Total Investments	888	888
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Other assets less liabilities 8.2%		79
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Net assets attributable to contractholders		
100.0%		967

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

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

1. THE FUNDS

ivari is the sole issuer of the variable annuity contract, which is invested in mutual funds ("underlying funds"). The assets of AIC Diversified Canada Segregated Fund and AIC Money Market Segregated Fund (individually, a "Fund", and collectively, the "Funds") are owned by ivari, but are segregated from other assets of ivari under the *Insurance Companies Act*. The Funds are not separate legal entities.

Manulife Investment Management Limited (the "Manager") is the manager of the Funds. Prior to September 25, 2009, AIC Limited was the manager of the underlying funds. The Manager provides certain administrative services to the Funds. Manulife Financial Corporation is the ultimate parent company of the Manager.

The address of the Funds' registered office is 200-5000 Yonge Street, Toronto, Ontario, M2N 7E9, Canada.

The financial statements of each of the Funds were authorized for issue by ivari on September 16, 2024.

The inception date of the Funds is January 18, 1999.

The Statements of Financial Position of the Funds are as at June 30, 2024 and December 31, 2023. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Contractholders and Statements of Cash Flows are for the periods ended June 30, 2024 and 2023. The Schedule of Investment Portfolio is as at June 30, 2024.

Investors have two purchase options for the Funds. They can be purchased with a 100% guarantee or a 75% guarantee. Each purchase option comes with a different expense ratio.

Abbreviations legend

The following is a list of abbreviations used in these financial statements:

Currency abbreviations

CAD – Canadian Dollar

Other abbreviations

FVTPL – Fair Value Through Profit or Loss

IAS – International Accounting Standard(s)

IFRS – International Financial Reporting Standard(s)

NAV – Net Asset Value

NAVPU – Net Asset Value Per Unit

TSX – Toronto Stock Exchange

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The preparation of the financial statements require management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments that the Funds have made in preparing the financial statements:

a) Use of judgments

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments, characteristics of contractual cash flows, and evaluating the performance on a fair value basis, and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9, *Financial Instruments* ("IFRS 9").

Investment entity

In determining whether a Fund meets the definition of an investment entity, the Manager may be required to make significant judgments about whether a Fund has the typical characteristics of an investment entity. Each Fund may hold only one investment, an underlying fund (or have only one investor or have investors that are its related parties); however, consistent with the investment entity definition, each Fund primarily obtains funds from one or more investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

b) Financial instruments

Recognition and derecognition

All financial instruments are recognized at fair value upon initial recognition when a Fund becomes a party to the contractual requirements of the financial instruments.

A financial asset is derecognized when the right to receive cash flows from the asset has expired or the Funds have substantially transferred all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Classification

In classifying and measuring financial instruments held by the Funds, the Manager is required to assess the Funds' business model, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis and the contractual cash flow characteristics of these financial instruments. The Funds' portfolio of financial assets is managed and evaluated on a fair value basis. Consequently, the Funds classify and measure all investments and derivatives at FVTPL.

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

All other assets and liabilities are subsequently measured at amortized cost in accordance with IFRS 9.

The Funds' obligations for net assets attributable to contractholders are classified as financial liabilities in accordance with the requirements of IAS 32, *Financial Instruments: Presentation* ("IAS 32") and are presented at the redemption amount.

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.

Investments in underlying funds are valued at their NAV calculated by the Manager in accordance with the constating documents of the underlying fund. If the NAV is unavailable, underlying funds are valued using the last published NAV or at the fair value as determined by the Manager utilizing observable market inputs, whichever is deemed to be the best representation of fair value of the underlying funds.

c) Investments in subsidiaries, associates and unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Subsidiaries are all entities, including investments in other investment entities, over which the Funds have control. A Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Manager has determined that the Funds are each an investment entity as defined by IFRS 10, *Consolidated Financial Statements* and as such, the Funds account for subsidiaries at fair value. Disclosures with respect to the Funds' investments in unconsolidated structured entities are included in Note 7, as applicable.

d) Cash

Cash represents cash at the bank and is carried at amortized cost, which approximates its fair value. Cash is held with the Funds' custodian, a Canadian financial institution.

e) Investment transactions

Investment transactions are recorded on a trade date basis. Realized gain or loss on sales of investments and change in unrealized appreciation (depreciation) in the value of investments are determined on an average cost basis.

f) Income recognition

Income from investments is recognized on an accrual basis.

Interest for distribution purposes shown in the Statements of Comprehensive Income includes interest on cash balances.

Distributions from the underlying funds can include dividends, interest for distribution purposes and capital gains, the proceeds of which are used to purchase additional units in the underlying funds. Distributions are recognized at the date of the distribution by the underlying funds and shown separately as distribution income from underlying funds in the Statements of Comprehensive Income.

g) Allocation of income and expenses, and realized and unrealized gains and losses

Management and administration fees directly attributable to a class are charged to each class. Income, realized gains and losses from investment transactions, change in unrealized appreciation (depreciation) and any fund-level expenses are allocated proportionately to each class based on the relative NAV of each class.

h) Foreign exchange translations

The Funds' functional and presentation currency is CAD.

i) NAV per unit

The NAVPU of each class of each Fund is computed by dividing the NAV of the class by the number of units outstanding of that class. The NAVPU is determined at the close of business each day the TSX is open for business.

The NAV of each class of a Fund is computed by calculating the value of that class' proportionate share of the Fund's common assets less liabilities and less that class' specific liabilities.

j) Increase (decrease) in net assets attributable to contractholders per unit

Increase (decrease) in net assets attributable to contractholders per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to contractholders of each class for the period, divided by the weighted average number of units outstanding of that class during the period.

k) Other financial assets and financial liabilities

All other financial assets and financial liabilities (other than those classified as FVTPL) such as cash, interest, dividends and other receivables, receivable from investments sold, receivable from Manager, payable on investments purchased and accrued expenses and other liabilities are valued at cost or amortized cost.

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

l) New IFRS standards issued but not yet effective

There are no standards, interpretations or amendments to existing standards that are in issue but not yet effective and not early adopted, that would be expected to have a significant impact on the Funds.

3. FINANCIAL INSTRUMENT RISKS

Management of financial instrument risks

The Funds may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, concentration risk and other market risk). The Funds' overall risk management program seeks to maximize the returns derived for the level of risk to which the Funds are exposed, and seeks to minimize potential adverse effects on the Funds' financial performances. The value of investments within the Funds' holdings can fluctuate on a daily basis as a result of changes in interest rates, economic and market conditions and company news related to specific securities within the Funds. The Funds' risk management practice includes the monitoring of compliance to investment policy and guidelines. The Manager manages the potential effects of these financial risks on the Funds' performances by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

The Manager maintains a risk management practice that includes monthly and quarterly monitoring of the returns-based risk profile of the Funds. The Manager also monitors compliance with investment restrictions to ensure that each Fund is being managed in accordance with its stated investment objectives, strategies and securities regulations.

Some Funds specialize in a particular industry, or in a single country or geographic region of the world. These Funds may therefore be more volatile than more broadly diversified Funds. The overall risk management program of such Funds seeks to minimize the potentially adverse effect of risk on each Fund's financial performance in a manner consistent with its investment objective.

To help to achieve consistent stable and robust returns over the long term, each Fund is diversified by asset class, region, and management style and strategies. Each portfolio is designed for a defined level of risk.

Financial instrument risks

a) Credit risk

Credit risk is the risk that the issuer of a debt security or counterparty to a financial instrument will fail to pay the interest or to repay the principal or discharge an obligation or commitment that it has entered into with the Fund. The carrying value of investments as presented in the Schedule of Investment Portfolio represents the maximum credit risk exposure as at June 30, 2024. This also applies to other assets, as they have short terms to settlement. The midpoint credit rating from Standard & Poor's has been used in the risk disclosures, where applicable.

Exposure to credit risk is not presented for Funds that primarily invest in securities with maturities less than one year or bank deposits since the risk is considered minimal.

Credit risk is presented on debt securities (excluding short-term investments) and derivative assets. The Funds may be exposed to indirect credit risk in the event that the underlying funds hold debt securities and/or derivative assets.

As at June 30, 2024 and December 31, 2023, the Funds are not directly exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is presented on debt securities (excluding short-term investments). All short-term investments have a maturity of less than one year. The Funds are exposed to the risk that the fair value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Other assets and liabilities are either short-term in nature or non-interest-bearing.

Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

Exposure to interest rate risk is not presented for Funds that primarily invest in securities with maturities less than one year or bank deposits since the risk is considered minimal.

The Funds may be exposed to indirect interest rate risk in the event that the underlying funds hold debt securities.

As at June 30, 2024 and December 31, 2023, the Funds are not directly exposed to significant interest rate risk.

c) Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of each Fund. The Funds are exposed to the risk that the fair value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Schedule of Investment Portfolio identifies all fixed income securities denominated in foreign currencies. Fixed income securities are presumed to be denominated in the Funds' presentation currency unless otherwise noted. Equities trading in foreign markets are also exposed to currency risk as the price in local terms on the foreign stock exchange is converted to the functional currency to determine fair value.

The foreign currency exposure amounts are based on the fair value of the Funds' holdings and the underlying notional amounts of any derivative contracts. The investments include both monetary and non-monetary instruments.

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

The Funds may be exposed to indirect currency risk in the event the underlying funds invest in foreign currency denominated instruments.

As at June 30, 2024 and December 31, 2023, the Funds are not directly exposed to significant currency risk.

d) Concentration risk

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

The Funds are not exposed to any direct concentration risk but are exposed to indirect concentration risk of the underlying funds as their entire portfolios are invested in underlying funds.

e) Other market risk

For a Fund investing in securities, the NAVPU of the Fund is directly related to the fair value of those securities, which increases or decreases depending on the financial performance of the security issuers and general economic, political, tax and market conditions.

All securities present a risk of loss of capital. The Manager manages this risk through a careful selection of securities and other financial instruments within the parameters of the Funds' investment strategies. Except for options written and futures contracts held short (if any), the maximum risk resulting from financial instruments is equivalent to their fair values. Possible losses from options written and futures contracts held short can be unlimited. The Funds' equity, debt and derivative instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Exposure to other market risk is not presented for AIC Money Market Segregated Fund since it invests in an underlying fund which primarily holds securities with maturities less than one year and the risk is considered minimal.

The impact on net assets attributable to contractholders of the Funds due to a 5% change in NAV of the Funds, with all other variables held constant, would be approximately \$186 as at June 30, 2024 (\$173 as at December 31, 2023) for AIC Diversified Canada Segregated Fund. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

f) Liquidity risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations associated with financial liabilities on time. Each Fund is exposed to daily cash redemptions of units. The Funds are primarily invested in securities that are traded in active markets and can be readily disposed of. All other liabilities of the Funds, other than derivatives, mature in six months or less. In addition, the Funds try to maintain sufficient cash positions to meet liquidity requirements. The Funds also have the ability to borrow up to 5% of their net assets attributable to contractholders for the purpose of funding redemptions.

g) Fair value measurement

The Funds classify each financial instrument into one of three fair value levels within the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

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

Level 2 – for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – for inputs that are based on unobservable market data.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

All fair value measurements are recurring. For financial instruments whose fair values approximate their carrying values, given their short term nature, the carrying values of financial instruments measured at amortized cost approximate their fair values. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The models used to determine fair value measurements included in the financial statements of the Funds including Level 3 measurements, if any, are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The Manager considers and reviews the appropriateness of the valuation models, the valuation results, as well as any adjustments to the prices or estimates used by these models. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

Underlying funds

The Funds' investments in underlying funds are classified as Level 1 when they are redeemable on a daily basis. They are classified as Level 2 when they are not redeemable on a daily basis.

Fair value hierarchy

All of the Funds' investments are classified as Level 1 as of June 30, 2024 and December 31, 2023.

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

Transfers between levels

There were no transfers between levels during the periods ended June 30, 2024 and 2023.

4. UNITS OF THE FUNDS

Units issued and outstanding represent the capital of each Fund. Each Fund is authorized to issue an unlimited number of units with no par value in each class, which are redeemable at the option of the contractholder at their current NAVPU.

Each Fund has a contractual obligation to repurchase or redeem its units for cash or other financial assets and as such, the outstanding units are classified as a financial liability. The Funds have no restrictions or specific capital requirements other than minimum subscription requirements. Changes in each Fund's units during the periods are disclosed in the Statements of Changes in Net Assets Attributable to Contractholders. The Funds endeavour to invest the proceeds received from subscriptions in appropriate investments in conjunction with their investment objectives while remaining in compliance with regulatory requirements. The Funds maintain sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The Funds issued two classes of units which are equally subordinate, but are not identical. Thus, the units do not qualify for classification as equity and are presented as financial liabilities in accordance with the requirements of IAS 32.

5. TAXATION

The Funds are deemed to be trusts under the provisions of the *Income Tax Act* (Canada) (the "Act"). The Funds' income and net capital gains and losses are deemed to be allocated to the contractholders so that the Funds will not be liable for tax under Part I of the Act. Accordingly, the Funds do not record income tax provisions. Any tax benefit of non-capital loss carry-forwards, where applicable, has not been reflected as a deferred income tax asset in the Statements of Financial Position.

Non-capital losses may be used to reduce future taxable amounts, and can be carried forward for up to twenty years.

The following table summarizes non-capital loss carry-forwards, if any.

As at December 31,	2023		2022	
	Non-capital losses (\$)	Expiry year	Non-capital losses (\$)	Expiry year
AIC Diversified Canada Segregated Fund	47	2040	47	2040
	100	2042	100	2042
	89	2043	-	
AIC Money Market Segregated Fund	-		2	2041

6. RELATED PARTY TRANSACTIONS

The Funds' investments in underlying funds managed by the Manager, which is a subsidiary of The Manufacturers Life Insurance Company, are related party investments. All investment transactions relating to these underlying funds are at the NAVPU of each underlying fund. The Funds receive distribution income from these underlying funds. Details of such investments are included in the Schedule of Investment Portfolio.

Management fees and operating expenses

ivari charges the Funds an annual management fee. The Manager charges an annual management fee to the underlying funds for the provision of its services pursuant to the management agreement.

The daily management fee applicable to the Funds and payable to ivari is calculated on each valuation date and is equal to the product of the NAV of the Funds on such date and the number of days elapsed since the last valuation date, multiplied by ivari's daily management fee applicable to the Funds.

In addition to the management fee payable, the Funds and underlying funds are responsible for all costs relating to their operations, including, but not limited to, legal, audit, accounting, custodial, safekeeping fees, taxes (if any), interest, operating and administrative costs, costs of financial and other reports and information folders required to comply with laws and regulatory guidelines regulating the issuance or sale of variable annuity contracts.

The Manager, at its discretion, has waived or absorbed a portion of the operating expenses otherwise payable by a Fund. These waivers may be terminated at any time by the Manager.

7. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

The Funds consider all of their investments in underlying funds to be investments in unconsolidated structured entities.

The purpose of the underlying funds is to invest funds solely for returns from capital appreciation, investment income, or both.

Notes to financial statements for the periods ended June 30, 2024 and 2023 (Unaudited)
(\$ in thousands)

The underlying funds finance their operations by issuing securities which are puttable at the holder's option and entitle the holder to a proportional stake in the respective underlying fund's net assets. The Funds hold securities in each of their underlying funds. The carrying amount of the Funds' interests in the underlying fund is recognized in investments, at fair value in the Statements of Financial Position. The carrying amount of the Funds' interests in the underlying fund is equal to the maximum exposure to loss. The change in fair value of each underlying fund is included in change in unrealized appreciation (depreciation) in the value of investments in the Statements of Comprehensive Income.

The Funds' investments in underlying funds are subject to the terms and conditions of the respective underlying funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those underlying funds.

The Funds have the right to request redemption of its investment in an underlying fund on a daily basis. Once the Funds have disposed of securities of an underlying fund, the Funds cease to be exposed to any risk from that underlying fund.

All investments in underlying funds that are unconsolidated structured entities are disclosed in the following table:

As at June 30, 2024 and December 31, 2023 (\$)	2024		2023	
	Net assets/ Market capitalization of underlying fund	Fair value of investment in underlying fund	Net assets/ Market capitalization of underlying fund	Fair value of investment in underlying fund
Underlying fund name				
AIC Diversified Canada Segregated Fund				
Manulife Dividend Income Plus Fund	1,595,724	3,705	1,576,918	3,409
AIC Money Market Segregated Fund				
Manulife Money Market Fund	181,079	888	192,381	959

8. COMPARATIVE BALANCES

The comparative financial statements have been reclassified from the statements previously presented in order to conform to the presentation of the current period financial statements.

Manulife Dividend Income Plus Fund

Top 25 Underlying Holdings (Unaudited)

PAR VALUE (\$) ('000)/ NO. OF SHARES / NO. OF UNITS	Name	AVERAGE COST (\$) ('000)	FAIR VALUE (\$) ('000)
123,900	Microsoft Corp.	45,068	75,775
134,100	Berkshire Hathaway, Inc., Class B	59,110	74,646
284,400	Alphabet, Inc.	43,916	70,885
17,800	Constellation Software, Inc.	26,561	70,165
172,100	Aon PLC	73,666	69,136
98,700	UnitedHealth Group, Inc.	65,846	68,778
874,400	Alimentation Couche-Tard, Inc.	58,423	67,128
127,600	Charter Communications, Inc.	52,807	52,199
138,200	Arthur J Gallagher & Co.	48,611	49,037
323,300	Royal Bank of Canada	40,705	47,089
688,000	Brookfield Corp.	32,126	39,107
788,800	Canadian Natural Resources Ltd.	29,384	38,438
37,000	Canadian Treasury Bill, 4.30%, Oct 24, 2024	36,358	36,452
251,020	CGI, Inc.	34,783	34,277
378,600	Shopify, Inc.	31,846	34,218
891,940	Brookfield Infrastructure Partners LP	40,136	33,490
182,000	NVIDIA Corp.	11,955	30,766
590,500	Bunzl PLC	29,641	30,700
758,100	TMX Group Ltd.	24,213	28,868
117,000	Waste Connections, Inc.	24,044	28,074
631,000	BCE, Inc.	35,023	27,960
502,100	Suncor Energy, Inc.	23,430	26,184
333,600	Metro, Inc.	24,573	25,283
333,600	The Toronto-Dominion Bank	26,733	25,087
147,700	The Blackstone Group, Inc.	24,323	25,020

Manulife Money Market Fund

Top 25 Underlying Holdings (Unaudited)

PAR VALUE (\$) ('000)/ NO. OF SHARES / NO. OF UNITS	Name	AVERAGE COST (\$) ('000)	FAIR VALUE (\$) ('000)
14,400	Canadian Treasury Bill, 4.29%, Oct 10, 2024	14,107	14,107
13,330	Banner Trust, 4.80%, Jul 02, 2024	13,323	13,323
11,350	Toronto Hydro Corp., 4.80%, Jul 02, 2024	11,338	11,338
9,000	Royal Bank of Canada, 4.81%, Dec 16, 2024	8,988	8,988
9,000	Canadian Treasury Bill, 4.76%, Jul 02, 2024	8,976	8,976
8,450	North West Redwater Partnership / NWR Financing Co., Ltd., 5.03%, Jul 03, 2024	8,417	8,417
8,350	Merit Trust, 5.15%, Aug 13, 2024	8,211	8,211
7,000	Province of Quebec, 4.75%, Jul 02, 2024	6,996	6,996
7,000	Canadian Western Bank, 4.70%, Jun 23, 2025	6,687	6,687
6,400	Bank of Montreal, 5.00%, Jan 15, 2025	6,096	6,096
6,350	Canadian Treasury Bill, 4.83%, Jan 03, 2025	6,083	6,083
5,900	National Bank of Canada, 5.05%, Jan 03, 2025	5,617	5,617
5,250	Canadian Imperial Bank of Commerce, 5.32%, Mar 27, 2025	5,250	5,250
5,250	Royal Bank of Canada, 5.31%, Mar 21, 2025	5,250	5,250
5,300	The Toronto-Dominion Bank, 5.65%, Oct 15, 2024	5,017	5,017
5,050	Fusion Trust, 5.03%, Sep 04, 2024	4,987	4,987
4,800	Toronto Hydro Corp., 4.79%, Jul 08, 2024	4,794	4,794
4,780	The Bank of Nova Scotia, 5.31%, Mar 24, 2025	4,780	4,780
4,500	Royal Bank of Canada, 0.00%, Nov 15, 2024	4,500	4,500
4,000	Bank of Montreal, 0.00%, Sep 19, 2024	4,000	4,000
4,200	The Bank of Nova Scotia, 5.75%, Sep 20, 2024	3,972	3,972
4,000	SAFE Trust, 5.15%, Jul 15, 2024	3,949	3,949
4,000	SURE Trust, 5.15%, Jul 15, 2024	3,949	3,949
4,000	Canadian Imperial Bank of Commerce, 5.70%, Jul 30, 2024	3,785	3,785
3,800	Canadian Imperial Bank of Commerce, 5.70%, Jul 10, 2024	3,596	3,596

Financial Highlights (Unaudited)**AIC Diversified Canada Segregated Fund****Ratios and Supplemental Data***100% Guarantee Option*

	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total net asset value (000's) ⁽¹⁾ (\$)	2,674	2,507	2,272	3,667	3,460	3,208
Number of units outstanding (000's) ⁽¹⁾	279	286	304	351	389	425
Management expense ratio ⁽²⁾ (%)	5.00	5.00	4.99	5.00	5.00	5.00
Management expense ratio before waivers or absorptions (%)	6.11	6.37	6.35	5.98	7.09	8.77
Portfolio turnover rate ⁽³⁾ (%)	0.19	0.08	0.34	9.17	1.46	7.24
Net Asset Value per unit ⁽¹⁾ (\$)	9.59	8.78	7.47	10.44	8.90	7.55

⁽¹⁾ This information is provided as at December 31 of the year shown, unless otherwise indicated.

⁽²⁾ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It is calculated by dividing total expenses, fees and charges excluding commissions, transaction costs and income taxes by the average net asset value of the segregated fund for the financial period, then multiplying the result by 100.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in the period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

75% Guarantee Option

	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total net asset value (000's) ⁽¹⁾ (\$)	1,037	954	848	1,421	1,323	1,150
Number of units outstanding (000's) ⁽¹⁾	90	91	95	114	125	128
Management expense ratio ⁽²⁾ (%)	4.57	4.85	4.83	4.43	5.00	5.00
Management expense ratio before waivers or absorptions (%)	4.57	4.85	4.83	4.43	5.52	7.25
Portfolio turnover rate ⁽³⁾ (%)	0.19	0.08	0.34	9.17	1.46	7.24
Net Asset Value per unit ⁽¹⁾ (\$)	11.52	10.53	8.94	12.49	10.59	8.97

⁽¹⁾ This information is provided as at December 31 of the year shown, unless otherwise indicated.

⁽²⁾ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It is calculated by dividing total expenses, fees and charges excluding commissions, transaction costs and income taxes by the average net asset value of the segregated fund for the financial period, then multiplying the result by 100.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in the period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

Financial Highlights (Unaudited)**AIC Money Market Segregated Fund****Ratios and Supplemental Data***100% Guarantee Option*

	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total net asset value (000's) ⁽¹⁾ (\$)	824	895	893	940	1,192	1,286
Number of units outstanding (000's) ⁽¹⁾	121	134	140	150	190	206
Management expense ratio ⁽²⁾ (%)	0.25	0.25	0.25	0.66	0.75	0.50
Management expense ratio before waivers or absorptions (%)	4.88	5.64	5.97	6.32	5.57	6.33
Net Asset Value per unit ⁽¹⁾ (\$)	6.83	6.66	6.36	6.25	6.27	6.24

⁽¹⁾ This information is provided as at December 31 of the year shown, unless otherwise indicated.

⁽²⁾ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It is calculated by dividing total expenses, fees and charges excluding commissions, transaction costs and income taxes by the average net asset value of the segregated fund for the financial period, then multiplying the result by 100.

75% Guarantee Option

	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total net asset value (000's) ⁽¹⁾ (\$)	143	141	109	117	123	138
Number of units outstanding (000's) ⁽¹⁾	18	18	15	16	17	19
Management expense ratio ⁽²⁾ (%)	0.26	0.26	0.26	0.52	0.59	0.35
Management expense ratio before waivers or absorptions (%)	5.29	5.87	6.08	6.26	5.45	6.28
Net Asset Value per unit ⁽¹⁾ (\$)	7.90	7.71	7.36	7.24	7.25	7.20

⁽¹⁾ This information is provided as at December 31 of the year shown, unless otherwise indicated.

⁽²⁾ The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It is calculated by dividing total expenses, fees and charges excluding commissions, transaction costs and income taxes by the average net asset value of the segregated fund for the financial period, then multiplying the result by 100.



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