

2028 Investment Grade Bond Trust

Semi-Annual Management Report of Fund Performance – 2024
For the six months ended June 30, 2024



NEXTEGE
CAPITAL

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements of the 2028 Investment Grade Bond Trust (the “Fund”). You may obtain a copy of the unaudited semi-annual financial statements at your request, and at no cost, by calling (416) 775-3600 or toll-free at (877) 860-1080, by writing to us at Next Edge Capital Corp., 18 King Street East, Suite 902 Toronto, ON M5C 1C4, Canada or by visiting our website at www.nextedgecapital.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Caution Regarding Forward-looking Statements

Certain portions of this report, including but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about 2028 Investment Grade Bond Trust, including its strategies, risks, expected performance and condition. All statements, other than statements of historical fact, that address activities, events or developments that Next Edge Capital Corp. (the “Manager”) believe, expect or anticipate will or may occur in the future (including, without limitation, statements regarding any targeted returns, projections, forecasts, statements and future plans and objectives of the Fund) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Manager based on information currently available to the Fund.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Fund to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Fund.

Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in international financial and commodities markets, fluctuations in currency exchange and interest rates, illiquidity of portfolio investments, reduction in availability of leverage, default by counterparties, special risks arising from short sales and investments in forward contracts and other derivatives, unintentional trades, accuracy of analytical models, valuation risks, limitations on redemptions, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled “Risk Factors” in the Fund’s simplified prospectus.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Manager and the Fund disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Manager believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Management discussion of fund performance

Investment Objective and Strategies

2028 Investment Grade Bond Trust is a closed-ended investment fund established as a trust under the laws of the Province of Ontario by a declaration of trust dated December 4, 2023 made by Next Edge Capital Corp., in its capacity as trustee of the Fund. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by unitholders of the Fund (“Unitholders”). Effective December 21, 2023, the Fund has two classes of Units: Class A Units and Class F units.

Investment Objective

The Fund will seek to: (i) preserve capital; and (ii) pay quarterly cash distributions, by investing primarily in corporate debt securities.

Investment Strategies

To achieve its investment objectives, the Fund acquired a portfolio (the “Portfolio”) comprised primarily of debt securities of Canadian companies (“Eligible Debt Securities”). At least 75% of the Portfolio is invested in Investment Grade Securities and up to 25% of the Portfolio is invested in High Yield Debt Securities. The Portfolio is comprised primarily of Eligible Debt Securities that have an average maturity of five (5) years or less and it is expected that the securities generally will be held by the Fund until their respective maturities. Notwithstanding the foregoing, the Fund may sell or transfer Eligible Debt Securities prior to their maturity.

The Manager believes North American bond markets currently present opportunities for attractive long-term capital appreciation on both an absolute and relative basis. This is driven by the interest rate environment, recent steepening of the yield curve indicating a market preference for shorter term bonds, and the relative attractiveness of corporate credit.

The Manager believes investing in investment grade corporate bonds is relatively more attractive than investing in benchmark government bonds as: (1) issuer sector selection can be used to diversify or concentrate economic exposure, (2) corporate credit spreads offer an attractive boost to yield-to-maturities, and (3) higher coupon rates on existing issuance increases the distributable cashflow of the Fund.

As the Fund is considered an “alternative mutual fund” within the meaning of NI 81-102, as noted, it may use strategies generally prohibited to be used by conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage.

The Fund may depart temporarily from its fundamental investment objectives and will likely invest in cash or cash equivalents in the event of adverse market, economic, political or other considerations.

The Fund is managed by Next Edge Capital Corp. (the “Manager”). The custodian and valuation agent of the Fund is RBC Investor Services Trust. The transfer agent and registrar of the Fund is TSX Trust Company. The registered office of the Fund is located at 18 King Street East, Suite 902, Toronto, ON M5C 1C4.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Management discussion of fund performance (continued)

Risk

The Fund started investing according to its investment objective on December 21, 2023. Effective December 21, 2023, an investment in the Fund is subject to certain risk factors relating to the Fund, as detailed in its Simplified Prospectus. During the period December 4, 2023 to June 30, 2024, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund.

Generally, bonds will decrease in value when interest rates rise and increase in value when interest rates decline. The NAV of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of bonds is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Corporate bonds may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Most of the bonds that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have recently experienced a significant repricing that may result in an enhanced likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt. The Fund strategically employed an interest rate swap to hedge against potential increases in interest rates. The Fund's management believes that the use of swaps will effectively contribute to risk management and provide a degree of protection from against adverse interest rate movements.

Results of Operations

The Fund experienced a decrease in its net assets during the period ended June 30, 2024:

| Class of redeemable units | June 30, 2024 NAV per unit (CAD) ¹ | Dec 31, 2023 NAV per unit (CAD) ¹ | % return for the period ended June 30, 2024 ¹ |
|---------------------------|---|--|--|
| F | 10.06 | 9.74 | 5.54% |

1. Net assets attributable to holders of redeemable units ("NAV", or "Net Assets").

It has been an eventful first half of 2024 as during the first several months markets were eagerly waiting for rate cuts from the US Federal reserve and the Bank of Canada. During this period, it became clear that the economic data had yet to support an easing of monetary conditions. The economy was slowing, and rate cuts were on the horizon, but timing was further delayed. At the end of the first half of 2024, the US Federal reserve has yet to lower the FED funds rate which is currently 5.50%. Meanwhile, the Bank of Canada waited until June 5th, 2024 to start easing monetary conditions with a 25-bps rate reduction to bring rates to 4.75%. Corporate bonds continue to perform well in this environment as they provide an additional yield over lower yielding Government bonds.

During the first quarter, the bond market experienced a negative return of 1.22% as investors were forced to continue to wait for interest rate cuts and digest the fact that markets had priced in too much easing resulting in a reset of market consensus. The top two performing sectors were Financial and Real Estate bonds with returns of 0.83% and 0.95%. Within Corporates, Corporate AAA/AA had the best performance at 0.50%. The Canadian stock market had a solid performance as the S&P/TSX returned 5.77% for the quarter.

In the second quarter, increased volatility resulted in negative returns for stocks, but bonds were able to fare much better as the Bank of Canada finally began cutting interest in their final meeting before the end of the second quarter. Further evidence of over stretched Canadian consumers led to the S&P/TSX returning -1.39%. A shift in monetary policy led to the bond markets returning 0.86% for the quarter. As the rate cut occurred at the beginning of June, the bond market rally was mostly captured for the month with a return of 1.13%. Corporate debt outperformed the benchmark with a return of 1.09%.

The FTSE Canada Universe Bond Index returned -0.38% year to date while the Corporate Bond Index returned 1.16%. Securitization bonds were the strongest sector, returning 2.52%. It was also the case that Corporate AAA/AA and BBB bonds returned 1.69% and 1.58%, primarily due to characteristics of the index, which has a higher coupon than the index. Higher

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Management discussion of fund performance (continued)

quality corporate bonds will continue to outperform in the second half as the economy continues to slow with additional interest rate cuts from the Central banks. The yield curve continues to be inverted and historically an inversion has preceded a growth slowdown/recession. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Recent Developments

Typically, the summer months are relatively quiet, but it was anything but for the bond market as economic data is rapidly softening. The Bank of Canada cut rates again in July and indicated there will be further cuts in the fall. Interest rates are continuing to decline across the maturity spectrum and the opportunity to lock in yields is upon us.

Related Party Transactions

The Manager is responsible for the day-to-day operations of the Fund and provides management services to the Fund, including the marketing, promotion, and distribution of the Fund; transfer agency services; and unitholder reporting and servicing. In consideration of the management services, the Fund pays management fees, which are accrued for daily, to the Manager based on the average NAV of the applicable class of units of the Fund. The Manager pays for dealer compensation, or service fees, if any, out of management fees.

Total management fees for the six months ended June 30, 2024 amounted to \$124,802 (period December 4 to December 31, 2023: \$4,826) and are reported in the statement of comprehensive loss, with \$22,702 in outstanding accrued fees due to the Manager as at June 30, 2024 (December 31, 2023: \$4,826) reported in the statement of financial position.

National Instrument 81-107 Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds, such as the Fund, to establish an independent review committee (“IRC”). Consequently, the Manager has appointed three independent IRC members. The purpose of the IRC is to: (i) review and provide input on the Manager’s written policies and procedures that deal with conflict of interest matters; (ii) consider and, if deemed appropriate, approve the Manager’s decision on a conflict of interest matter that the Manager refers to the IRC for approval; and (iii) perform such other duties as may be required of the IRC under applicable Canadian securities laws. Additional information about the IRC is available in the Fund’s prospectus. Fees are paid to the IRC members for the performance of their duties.

The total remuneration paid to members of the Independent Review Committee allocable to the Fund during the six months ended June 30, 2024 was \$2,875.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Financial highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2024.

Class A – Net Assets per Unit (CAD)

| For the period ended | Jun 30, 2024 ¹ | Dec 31, 2023 |
|--|------------------------------|-----------------|
| Net Assets per unit, beginning of period | 9.57 | 10.00 |
| Increase (decrease) from operations | | |
| Total revenue | 0.34 | - |
| Total expenses | (0.10) | (0.41) |
| Realized gains (losses) for the period | 0.03 | - |
| Unrealized gains for the period | - | - |
| Total decrease from operations | 0.27 | (0.41) |
| Distributions | | |
| From net investment income (excluding dividends) | - | - |
| From dividends | - | - |
| From capital gains | - | - |
| Return of capital | - | - |
| Total distributions | - | - |
| Net Assets per unit, end of period ² | - | 9.57 |

Class F – Net Assets per Unit (CAD)

| For the period ended | Jun 30, 2024 ¹ | Dec 31, 2023 |
|--|------------------------------|-----------------|
| Net Assets per unit, beginning of period | 9.74 | 10.00 |
| Increase (decrease) from operations | | |
| Total revenue | 0.34 | 0.01 |
| Total expenses | (0.15) | (0.28) |
| Realized gains (losses) for the period | 0.03 | - |
| Unrealized gains for the period | 0.34 | (0.02) |
| Total increase from operations | 0.56 | (0.29) |
| Distributions | | |
| From net investment income (excluding dividends) | (0.25) | - |
| From dividends | - | - |
| From capital gains | - | - |
| Return of capital | - | - |
| Total distributions | (0.25) | - |
| Net Assets per unit, end of period ² | 10.06 | 9.74 |

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Financial highlights (continued)

1. This information is derived from the Fund's audited financial statements for the period December 4 to December 31, 2023, and unaudited statements for the six months ended June 30, 2024.
2. Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is calculated based on the average number of units outstanding over the period. Therefore, the beginning of period Net Assets, the increase (decrease) from operations and distributions, if any, will not sum to the end of period Net Assets.

Class A – Ratios and Supplement Data:

| For the period ended | Jun 30, 2024 ¹ | Dec 31, 2023 |
|---|---------------------------|--------------|
| Total NAV (CAD 000s) ¹ | - | - |
| Number of units outstanding ¹ | - | 1 |
| Management expense ratio ² | - | 196.55% |
| Management expense ratio before waivers or absorptions ² | - | 196.55% |
| Management expense ratio before performance fees ² | - | 8.06% |
| Trading expense ratio ³ | - | 0.00% |
| Portfolio turnover rate ⁴ | - | 0.00% |
| NAV per unit (CAD) | - | 9.57 |

Class F – Ratios and Supplement Data:

| For the period ended | Jun 30, 2024 ¹ | Dec 31, 2023 |
|---|---------------------------|--------------|
| Total NAV (CAD 000s) ¹ | 32,828 | 31,511 |
| Number of units outstanding ¹ | 3,264,244 | 3,225,545 |
| Management expense ratio ² | 3.06% | 130.72% |
| Management expense ratio before waivers or absorptions ² | 3.06% | 130.72% |
| Trading expense ratio ³ | 0.00% | 0.00% |
| Portfolio turnover rate ⁴ | 0.00% | 0.00% |
| NAV per unit (CAD) | 10.06 | 9.74 |

1. This information is provided as at June 30, 2024.
2. Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The management expense ratio is calculated in accordance with Part 15 of NI 81-106.
3. An additional management expense ratio was calculated for the period ended December 31, 2023 to reflect management expense ratio before agent fees and expense of the offering. Agent fees were \$0.30 per unit for Class A and \$0.13 per unit for Class F as outlined in the prospectus. Expenses of the offering was 1% of initial purchase price as outlined in the prospectus, or \$0.10 per unit for both classes A and F.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
5. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager 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 year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Past performance

Management Fees

| Annual Management Fees (% of net asset value of the class of the Fund) | |
|---|-------------------------------------|
| Class | Management Fee^{1,2} |
| Class A Units | 0.70% |
| Class F Units | 0.70% |

1. Plus applicable HST.

2. The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, Unitholders.

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the “management fee”) at (up to) an annual rate of: (i) 0.70% of the portion of its NAV represented by the Class A Units, and (ii) 0.70% of the portion of NAV represented by the Class F Units, calculated daily and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s Units.

The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager.

Annual management fees, and a breakdown of the services received in consideration of the management fees, as a percentage of management fees, for the six months ended June 30, 2024, are as follows:

| As a percentage of management fees | | | |
|---|---------------------|----------------------------|---|
| Class of Units | Annual Rates | Dealer Compensation | General administration, investment advice and profit |
| A | 0.70% | 0.00% | 100.00% |
| F | 0.70% | 0.00% | 100.00% |

2028 Investment Grade Bond Trust

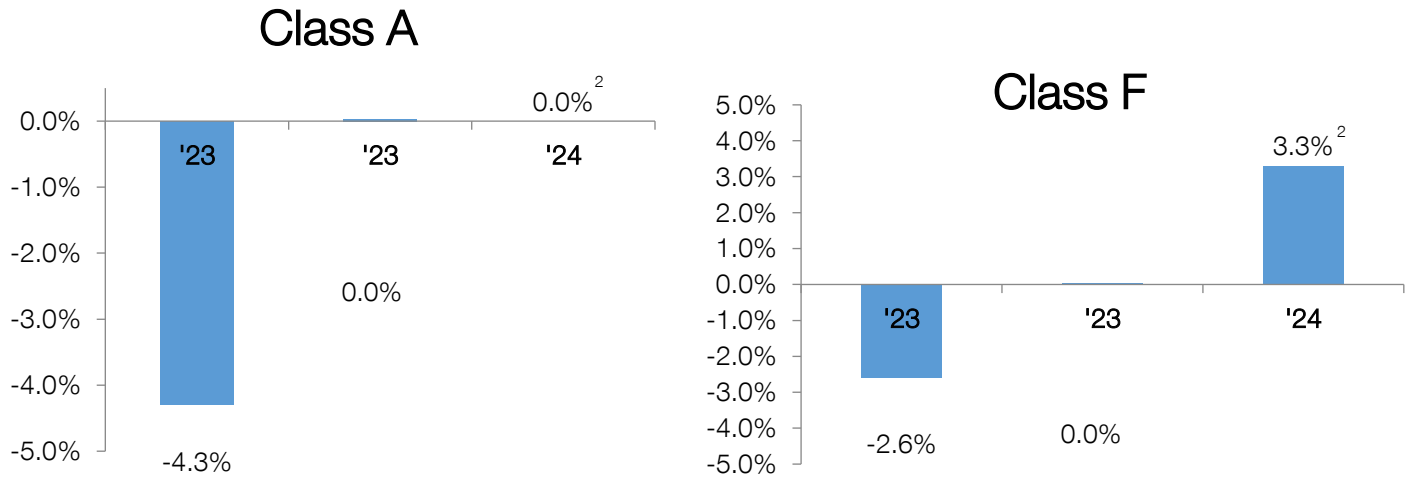
Semi-annual management report of fund performance – June 30, 2024

Past performance (continued)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information shown does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Reported returns are as follows from the first day to the last day of each fiscal period shown.

Year-by-Year Returns



1. Returns for the period ended December 31, 2023 are from the Fund's inception date to December 31, 2023. Inception dates used for calculation are December 4, 2023 for Class A and December 21, 2023 for Class F.
2. A second return was calculated for the period ended December 31, 2023 to reflect returns before agent fees and expense of the offering. Agent fees were \$0.30 per unit for Class A and \$0.13 per unit for Class F as outlined in the prospectus. Expenses of the offering was 1% of initial purchase price as outlined in the prospectus, or \$0.10 per unit for both classes A and F.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Summary of investment portfolio

The following shows the Fund's Portfolio breakdown by asset mix, asset class, geography and the top 25 holdings. The Fund's investment portfolio may change due to ongoing portfolio transactions.

| Portfolio by Asset Mix | % of Net Asset Value | |
|--|-----------------------------|--------------|
| | Long | Short |
| Canadian Bond | 110.3 | - |
| Canadian Mortgage-Backed Security | 20.1 | - |
| United States Bond | 5.6 | - |
| United States Mortgage-Backed Security | 4.4 | - |
| Foreign Bond | 2.9 | - |
| Swap Contract | 0.2 | - |
| Total investments | 143.5 | - |
| Cash and cash equivalents ¹ | (43.3) | - |
| Other net liabilities | (0.2) | - |
| Total net asset value | 100.0 | - |

| Portfolio by Industry | % of Net Asset Value | |
|--|-----------------------------|--------------|
| | Long | Short |
| Banks | 54.2 | - |
| NHA Mortgage Backed Security | 20.1 | - |
| Energy | 18.1 | - |
| Insurance | 11.0 | - |
| Equity Real Estate Investment Trusts (REITs) | 10.0 | - |
| Automobiles & Components | 5.8 | - |
| Conventional Mortgage Backed Security | 4.4 | - |
| Consumer Durables & Apparel | 4.3 | - |
| Capital Goods | 4.2 | - |
| Food, Beverage & Tobacco | 4.2 | - |
| Telecommunication Services | 2.9 | - |
| Transportation | 2.9 | - |
| Media & Entertainment | 1.2 | - |
| Swap Contract | 0.2 | - |
| Total investments | 143.5 | - |
| Cash and cash equivalents ¹ | (43.3) | - |
| Other net liabilities | (0.2) | - |
| Total net asset value | 100.0 | - |

1. Cash and cash equivalents are shown in total as one position.

2028 Investment Grade Bond Trust

Semi-annual management report of fund performance – June 30, 2024

Summary of investment portfolio (continued)

| Portfolio by Country | % of Net Asset Value | |
|--|----------------------|-------|
| | Long | Short |
| Canada | 130.6 | - |
| United States | 10.0 | - |
| International | 2.9 | - |
| Total investments | 143.5 | - |
| Cash and cash equivalents ¹ | (43.3) | - |
| Other net liabilities | (0.2) | - |
| Total net asset value | 100.0 | - |

1. Cash and cash equivalents are shown in total as one position.

Top 25 Long Positions

| Issuer | % of Net Asset Value |
|--|----------------------|
| Laurentian Bank of Canada, 5.095%, Jun 15, 2032 | 5.9 |
| Real Estate Asset Liquidity Trust, 4.022%, Nov 12, 2052 | 5.1 |
| Bank of Montreal, 7.325%, Nov 26, 2082 | 4.7 |
| Keyera Corp., 6.875%, Jun 13, 2079 | 4.6 |
| Canadian Imperial Bank of Commerce, 7.150%, Jul 28, 2082 | 4.6 |
| Inter Pipeline Ltd., 6.625%, Nov 19, 2079 | 4.5 |
| Retained Vantage Data Centers Issuer LLC, 5.250%, Sep 15, 2048 | 4.4 |
| Mattamy Group Corp., 4.625%, Mar 01, 2028 | 4.4 |
| Sagen MI Canada Inc., 2.955%, Mar 01, 2027 | 4.3 |
| NFI Group Inc., 5.000%, Jan 15, 2027 | 4.2 |
| Saputo Inc., 2.297%, Jun 22, 2028 | 4.2 |
| Real Estate Asset Liquidity Trust, 4.395%, Aug 12, 2053 | 4.1 |
| Allied Properties Real Estate Investment Trust, 3.131%, May 15, 2028 | 4.0 |
| Laurentian Bank of Canada, 5.300%, Jun 15, 2081 | 3.5 |
| Canadian Western Bank, 5.937%, Dec 22, 2032 | 3.1 |
| National Bank of Canada, 7.500%, Nov 16, 2082 | 3.1 |
| Enbridge Inc., 6.625%, Apr 12, 2078 | 3.1 |
| Ford Credit Canada Co., 5.441%, Feb 09, 2029 | 3.1 |
| Manulife Financial Corp., 7.117%, Jun 19, 2082 | 3.1 |
| Canadian Western Bank, 6.000%, Apr 30, 2081 | 3.0 |
| Central 1 Credit Union, 4.648%, Feb 07, 2028 | 3.0 |
| RioCan Real Estate Investment Trust, 4.628%, May 01, 2029 | 3.0 |
| Bank of Montreal, 5.625%, May 26, 2082 | 3.0 |
| Canadian Imperial Bank of Commerce, 4.375%, Oct 28, 2080 | 3.0 |
| TELUS Corp., 3.625%, Mar 01, 2028 | 2.9 |

2028 Investment Grade Bond Trust

General information

MANAGER AND PRINCIPAL DISTRIBUTOR

Next Edge Capital Corp.
18 King Street East, Suite 902
Toronto, ON M5C 1C4

Telephone: (416) 775-3600
Fax: (416) 775-3601
Toll Free: 1 (877) 860-1080

www.nextedgecapital.com

CUSTODIAN AND VALUATION AGENT

RBC Investor Services Trust
155 Wellington Street West
Toronto, ON M5V 3H6

www.rbcits.com

REGISTRAR AND TRANSFER AGENT

TSX Trust Company
301 - 100 Adelaide St. West
Toronto, ON M5H 4H1

www.tsxtrust.com

BROKERS

National Bank Independent Network
Exchange Tower, 130 King St W 3200 2
Toronto, ON M5X 1J9

www.nbin.ca

AUDITOR

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

www.deloitte.ca

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

www.fasken.com

Next Edge Capital Corp.
18 King St. E., Suite 902
Toronto, ON M5C 1C4

Tel: 416 775-3600
Fax: 416 775-3601

www.nextedgecapital.com