HELIOS FAIRFAX PARTNERS

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INTERIM REPORT

For the nine months ended September 30, 2023

Index to Management's Discussion and Analysis

Management's Discussion and Analysis
(as of November 8, 2023)
(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis

(1) The Management's Discussion and Analysis ("MD&A") presents management's view of the financial condition and results of operations of Helios Fairfax Partners Corporation ("HFP" or the "company") as at and for the three and nine months ended September 30, 2023 and should be read in conjunction with the interim consolidated financial statements thereof and the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2022 for additional commentary and information. Additional information relating to the company, including its annual information form, can be found on SEDAR at www.sedar.com. Additional information can also be accessed from the company's website www.heliosfairfax.com.
(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the interim consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars which is also the functional currency of the company and its consolidated subsidiaries.
(3) Throughout this MD&A, the term "Portfolio Investments" refers to deployed capital invested in public and private portfolio investments as disclosed in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

Forward-Looking Statements

This MD&A may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or a Portfolio Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, a Portfolio Investment, or the African market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

Forward-looking statements are based on our opinions and estimates as of the date of this MD&A and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: geopolitical risks; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; concentration risk in Portfolio Investments, including with geographic concentration and with respect to Class A and Class B limited partnership interests in the Portfolio Advisor; operating and financial risks of Portfolio Investments; valuation methodologies involve subjective judgments; lawsuits; use of leverage; foreign currency fluctuation; investments may be made in foreign private businesses where information is unreliable or unavailable; significant ownership by Fairfax Financial Holdings Limited ("Fairfax") and HFP Investments Holdings SARL ("Principal Holdco") may adversely affect the market price of the subordinate voting shares; emerging markets; South African black economic empowerment; economic risk; climate change, natural disaster, and weather risks; taxation risks; MLI; and trading price of subordinate voting shares relative to book value per share. Additional risks and uncertainties are described in the company's annual information form dated March 22, 2023 which is available on SEDAR at www.sedar.com and on the company's website at www.heliosfairfax.com. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Specified Financial Measures

The company discloses specified financial measures that are calculated using methodologies that are not in accordance with IFRS as issued by the IASB. The presentation of specified financial measures in this manner should not be considered as the only measure of our performance and should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. These financial measures do not have a standardized meaning prescribed under IFRS and are therefore unlikely to be comparable to similar financial measures presented by other companies. The company uses these financial measures in managing the business and believes these financial measures provide helpful information to investors. Reconciliations of the specified financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS have been presented, where applicable, within this MD&A. Refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details.

Business Objectives

Investment Objective

HFP is an investment holding company whose objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa ("Portfolio Investments"). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

The company makes its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub") and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub").

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP ("Helios" or the "Manager"), provides investment management services, investment advisory services and investment administration services to the company. TopCo LP is also the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest.

Investment Restrictions

The company will not make a Portfolio Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment, provided, however, that the company is permitted to complete up to two Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company's total assets (the "Investment Concentration Restriction").

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to shareholders. At September 30, 2023, the company determined that it was in compliance with the Investment Concentration Restriction.

Overview of African Operating Environment

The company believes long-term demographic and economic shifts in Africa will offer attractive and unique investment opportunities on which HFP intends to capitalize. The demographic and technology tailwinds that make Africa an attractive investment locale remain intact. The continent benefits from a young and growing population. According to the UN, the median age in Africa is 19 years old, compared to 38 in North America and 42 in Europe. In addition, over the next 30 years, almost 70% of the growth in the total global workforce is expected to come from Africa. With populations in the developed and much of the developing world aging rapidly, the youthfulness and growth of Africa's population makes the continent critical to sustaining the global labour force.

A critical mass of young, urban and digitally-savvy Africans are catalyzing a powerful innovation ecosystem. In 2021, 83% of the population in Sub-Saharan Africa had access to broadband coverage, up from 50% in 2014, and the number of innovation and technology hubs in Africa grew from 70 in 2012 to 1,031 in 2021. This young, digitally connected workforce is increasingly urbanized. It is projected that urban populations in Africa will increase 174% from 2020 to 2050 compared to 27% in North America and 8% in Europe.

Looking at the macroeconomic environment, African economies remain resilient despite deteriorating global economic conditions. According to the IMF, Sub-Saharan African economies are projected to grow at an attractive pace in 2023 and 2024 in both absolute terms and relative to Europe and the US. Notably, those economies are expected to experience a much greater slowdown in GDP than what is forecast for the African region.

Current levels of inflation are high in Africa and the developed world. However, the comparatively higher increase in inflation in the developed world is causing more severe disruption to their economies. African economies are used to operating in a higher inflationary environment, and the increase in Sub-Saharan CPI is substantially less than what is being experienced in Europe and the US.

In response to rising inflation, central banks across the globe have raised interest rates. In the US and Europe, businesses and consumers are learning to adjust to significantly elevated rates not seen in decades, whereas in Africa interest rates remain close to historic averages.

Business Developments

Capital Transactions

On March 3, 2022, the company closed a $70,000 secured, revolving demand credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the “RMB Facility”), bearing interest at a rate of the compound reference rate plus 6.88%, payable quarterly. The RMB Facility matures on March 3, 2027 and was undrawn at September 30, 2023. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2023 for additional details.

On May 11, 2023, the company’s shareholders approved at the company’s annual general meeting a reduction of the stated capital of the company’s multiple voting shares by $179,550 and subordinate voting shares by $179,550, effective May 31, 2023. The reduction of stated capital reduced common stock by $359,100, increased contributed surplus by $359,100 and did not result in any change to total equity.

During the first nine months of 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 72,276 subordinate voting shares (2022 - 88,776 subordinate voting shares) for a net cost of $211 (2022 - $305) and $375 (2022 - $417) was recorded as a benefit in retained earnings.

Subsequent to September 30, 2023

Subsequent to September 30, 2023, under the terms of the automatic share purchase plan in place for the normal course issuer bid, 38,173 subordinate voting shares were purchased on behalf of the company for a net cost of $106.

Portfolio Investments

Cautionary Statement Regarding Financial Information of Significant Portfolio Investments

HFP has agreed to voluntarily provide within its MD&A, summarized unaudited financial information prepared for all of its Portfolio Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of *National Instrument 51-102 Continuous Disclosure Obligations.* TopCo LP prepares its financial statements in accordance with IFRS as issued by the IASB. Such unaudited financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS, and provided to the company in their underlying functional currencies.

The company's investment in TopCo LP ("Significant Portfolio Investment") has a fiscal year which ends on December 31. Summarized financial information of the company's Significant Portfolio Investment has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management.

HFP has no knowledge that would indicate that the Significant Portfolio Investment's summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Portfolio Investment's summarized financial information contained in this MD&A may not be appropriate for their purposes.

Summary of Portfolio Investments and Related Party Derivatives and Guarantees

The table below provides a summary of the company's Portfolio Investments and related party derivatives and guarantees:

	Initial Year of Acquisition	December 31, 2022	Capital Deployed	Realization, Distribution and Return of Capital	Change in Fair Value	September 30, 2023
Investment in Alternative Asset Management						
TopCo LP Class A Limited Partnership Interest	2020	76,823	1,295	(363)	14,139	91,894
TopCo LP Class B Limited Partnership Interest	2020	148,575	—	(122)	(1,478)	146,975
Total		225,398	1,295	(485)	12,661	238,869
Helios Managed Investments						
Helios Fund IV Limited Partnership Interest	2021	33,785	8,632	—	3,664	46,081
Trone Common Shares	2021	17,506	—	—	8	17,514
NBA Africa Common Shares	2021	39,219	—	—	(2,272)	36,947
Event Horizon Loan	2022	9,473	9,444	—	1,311	20,228
Digital Ventures $40M Facility	2022	14,956	700	—	445	16,101
Digital Ventures $1M Facility	2022	371	—	—	17	388
Helios Seven Rivers Fund	2023	—	30,000	—	983	30,983
Helios Sports and Entertainment Group	2023	—	6,000	—	124	6,124
Total		115,310	54,776	—	4,280	174,366
Insured and Guaranteed Legacy Non-Core Investments						
Indirect Equity Interest in AGH	2017	17,456	—	(14,295)	(761)	2,400
Philafrica Common Shares	2018	4,408	—	—	(8)	4,400
Philafrica Facility	2020	7,346	—	—	219	7,565
HFP Redemption Derivative	2021	62,136	—	—	6,504	68,640
Total		91,346	—	(14,295)	5,954	83,005
Other Legacy Non-Core Investments						
Indirect Equity Interest in Access Bank SA	2018	672	—	—	(454)	218
Indirect Equity Interest in Nova Pioneer	2021	25,468	—	—	(7,468)	18,000
AFGRI International Facility	2021	11,669	—	(11,824)	155	—
CIG Loan	2018	17,632	—	(16,391)	(1,241)	—
Atlas Mara 11% Convertible Bonds	2018	—	—	—	—	—
Total		55,441	—	(28,215)	(9,008)	18,218
Public Investments						
Common Shares	2020	16,595	—	(15,856)	(739)	—
Total		16,595	—	(15,856)	(739)	—
Total Portfolio Investments and Related Party Derivatives and Guarantees		504,090	56,071	(58,851)	13,148	514,458

Private Portfolio Investments

Cautionary Statement Regarding the Valuation of Private Portfolio Investments

In the absence of an active market for the company's Private Portfolio Investments (with the exception of HSRF being a level 2 investment, valued with reference to market input), fair values of these investments are determined by management using industry accepted valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Portfolio Investments could be disposed of may differ from the fair values assigned and those differences may be material.

Investment in Alternative Asset Management

TopCo LP

TopCo LP, an affiliate of Helios Holdings Group, is a limited partnership established under the laws of Guernsey and controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of the Helios Holdings Group.

The investment in TopCo is HFP's long-term value driver and has generated $485 in distributions reflecting excess management fees and carried interest in 2023.

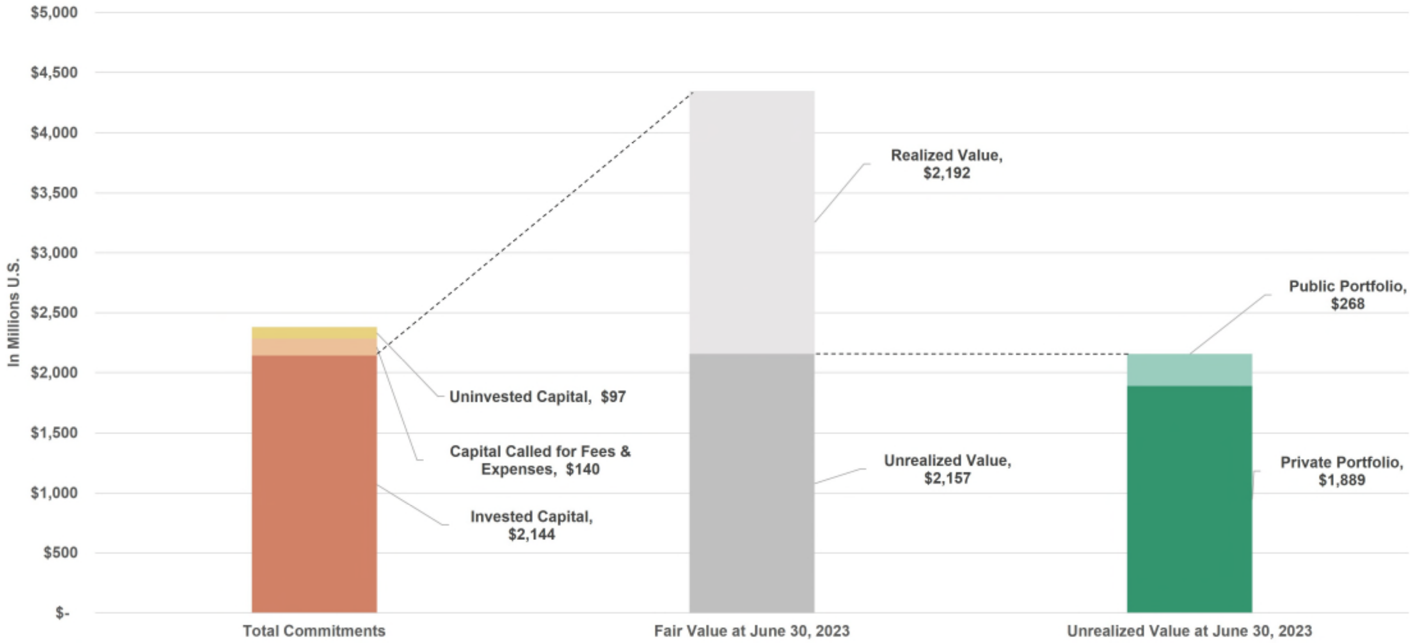
Business Overview

TopCo LP is the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest. TopCo LP is the portfolio advisor of the company and its consolidated subsidiaries and has entered into a sub-advisory agreement with the Manager to provide the investment and advisory services to HFP, for which it receives investment advisory fees.

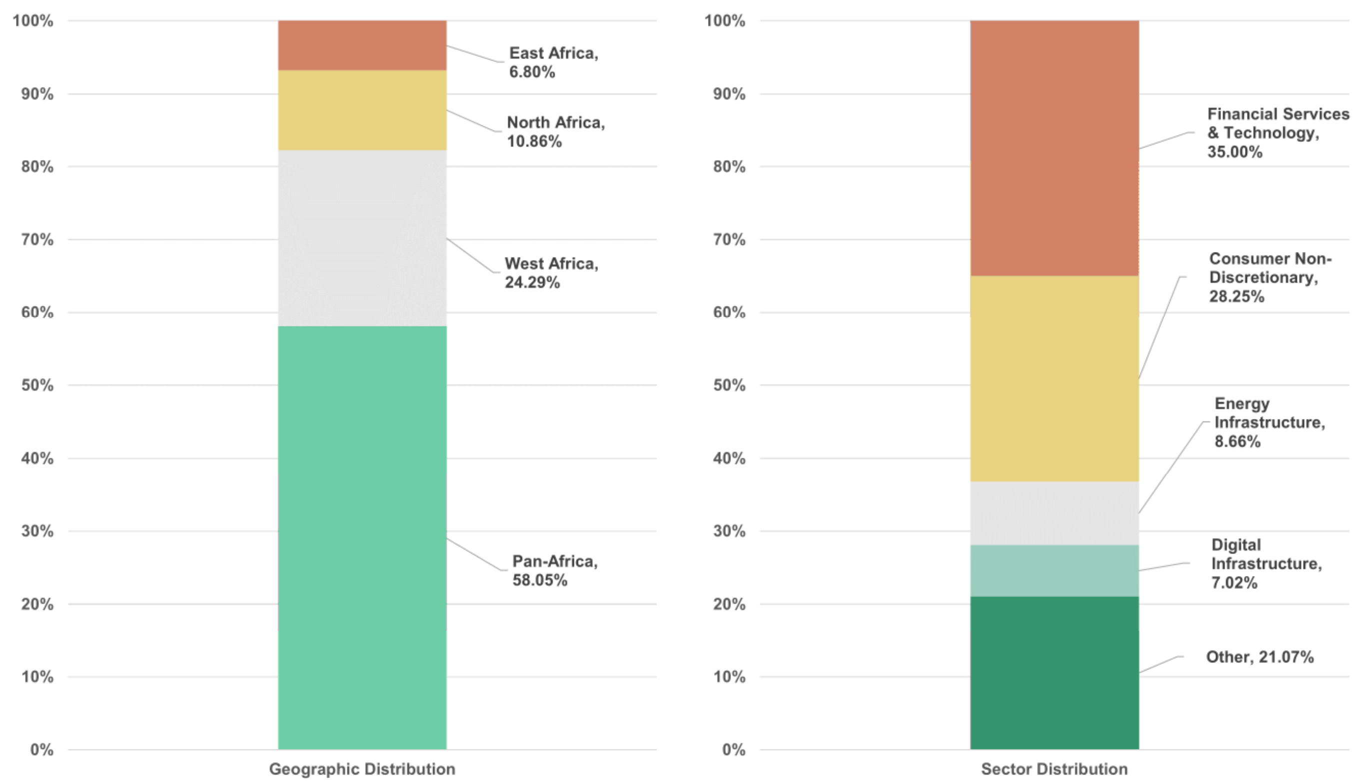
The Helios fee streams to which TopCo LP is entitled are currently derived principally from three private equity funds managed by Helios. Each fund was formed with the purpose of investing in African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. In each, the general partner receives a 20% carried interest above an 8% hurdle and a management fee which varies with time and other factors.

Helios Fund II, in which TopCo LP is entitled to a 25% share of the general partner's carried interest, is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with $908,500 in committed capital; Helios Fund III (25% carried interest entitlement) is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with $1,117,000 in committed capital; and Helios Fund IV (50% carried interest entitlement) is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with $355,000 in committed capital.

As at June 30, 2023, the status and composition of the Funds was as follows:



As at June 30, 2023, the composition of the Funds' unrealized portfolio was as follows:



For the 12 months ended September 30, 2023, the companies in which the Funds have invested experienced growth in revenue of 19.0%, growth in profits of 18.3% and a decrease in fair value of 12.7%. The decline in fair value of the investee companies was driven primarily by investment exits, higher discount rates, declining market comparable metrics and currency fluctuations.

As at June 30, 2023, the five largest investments in the Helios Funds by unrealized value, were: (i) a private company providing cross border payment and foreign exchange services across Africa; (ii) a private company operating in the gas distribution sector principally in Nigeria; (iii) a private company engaged in midstream LNG operations in Ghana; (iv) a private upstream oil and gas company operating across Pan Africa; and (v) a private company offering electronic payment processing services in Nigeria.

Summarized below is selected information from the Helios Funds as at June 30, 2023 and December 31, 2022. Unrealized carried interest represents the amount of carried interest that would have been realized if all the portfolio investments in the respective Helios Funds were to be exited at their reporting date fair values.

Unrealized carried interest
(unaudited - US$ thousands)

	June 30, 2023	**December 31, 2022**
Helios Investors, LP	**309**	558
Helios Investors II, L.P.	**—**	2,939
Helios Investors III, L.P.	**185,391**	161,484
Helios Investors IV, L.P.	**10,865**	9,035
Peak Co-investment LP	**11**	51
Unrealized carried interest	**196,576**	174,067

Unrealized carried interest increased by $22,509 from $174,067 at December 31, 2022 to $196,576 at June 30, 2023. TopCo LP's share of unrealized carried interest of the Helios Funds noted above is 25% for Helios Funds I-III and Peak Co-investment LP, and 50% of Helios Fund IV. TopCo LP's share of unrealized carried interest at June 30, 2023 of $51,861 represented a increase of $6,084 (13.3%) from $45,777 at December 31, 2022. In 2022, Peak Co-investment LP distributed carried interest to its partners and the company received $3,608 as part of the distribution from TopCo. In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP.

While there can be no assurance that any new strategies will be successfully launched or generate carried interest or incentive fees, the Helios fee streams to which TopCo LP is entitled will include 50% of any carried interest or similar incentive fee that may arise from such new strategies.

Key Business Drivers, Events, and Risks

TopCo LP is structured to accumulate and distribute carried interest proceeds from the carried interest recipients and Excess Management Fees from the Helios Holdings Group to HFP by virtue of HFP's TopCo LP Class A and Class B Limited Partnership Interests respectively, and the investment and advisory fees from HFP to the Helios Holdings Group.

TopCo LP Class A Limited Partnership Interest

HFP is entitled to receive carried interest proceeds received by TopCo LP, through its ownership of TopCo LP Class A Limited Partnership Interests, when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required. At September 30, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

TopCo LP is a limited partner of HIP Equity IV, L.P. ("HIP Equity IV"), which is the general partner of Helios Fund IV. HFP is committed to contribute no more than 50.0% of either $15,000 or 2.0% of total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV and future Helios Funds ("Management Team Commitment") in exchange for pro rata limited partnership interest not subject to management fees and carried interest. Contributions in excess of this limit require consultation in good faith with the company and with Fairfax. This commitment is funded from capital contributed via HFP's TopCo LP Class A Limited Partnership Interest. In 2022, HFP's total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV decreased from 50% to 25% following the final close of Helios Fund IV.

In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In the first nine months of 2023, the company funded capital calls of $1,295 from TopCo for its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At September 30, 2023, the company's net capital contribution to TopCo LP in respect of Management Team Commitments was $5,017 and the remaining capital commitment was $2,483.

TopCo LP Class B Limited Partnership Interest

TopCo LP also entered into contractual arrangements with certain Helios Holdings Group entities, pursuant to which the Helios Holdings Group entities entitled to receive management fees assigned their respective rights to receive all management fees to TopCo LP and TopCo LP agreed to pay all expenses incurred in order to receive the management fees ("Excess Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive Excess Management Fees after a six-month holding period by TopCo LP.

At September 30, 2023 and December 31, 2022, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP.

Valuation and Interim Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At September 30, 2023, the company estimated the fair value of its TopCo LP Class A Limited Partnership Interest using a sum-of-the-parts valuation comprised of:

(i) Fair value of carried interest proceeds from Helios Funds which were determined using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed discount rates ranging from 30.0% to 34.0% (December 31, 2022 - 25.8% to 31.8%), target exit multiples of invested capital averaging 2.2x to 3.2x across Helios Funds II, III, and IV (December 31, 2022 - 2.4x to 3.0x), and forecasted exit dates ranging from 2023 to 2026 for Helios Funds II and III, and from 2025 to 2028 for Helios Fund IV (December 31, 2022 - 2023 to 2025 and 2023 to 2028). At September 30, 2023 free cash flow forecasts were based on estimates of carried interest proceeds derived for each fund in accordance with waterfall provisions, prepared by Helios' management; and

(ii) Fair value of TopCo LP's direct interest in Helios Fund IV arising from the $7,500 (50% of $15,000) Management Team Commitment which was valued based on the net asset value of Helios Fund IV; TopCo LP's interest in Helios Fund IV does not bear management fees or carried interest.

The limited partnership agreement for each Helios Fund includes a distribution waterfall provision, which is common in private equity fund structures, and requires that proceeds (generated following realizations or partial realizations of the relevant fund's investments or as other income becomes available to the relevant fund for distribution) be distributed in four stages: (i) a return of amounts contributed by investors and not previously repaid to those investors by the fund; (ii) an 8% preferred return to investors; (iii) a "catch-up" amount to the relevant Helios Holdings Group entity equal to 20% of all amounts distributed to all partners in excess of amounts distributed to limited partners to repay their drawn down capital contributions; and (iv) a split of all remaining profits between limited partners and the relevant Helios Holdings Group entity at an 80:20 ratio.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the exit assumptions on Helios Funds' underlying portfolio investments, including the planned exit strategy, target exit multiples of invested capital and timing of exit. The target exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit. Carried interest proceeds which may arise from future Helios Funds have been excluded from free cash flow estimates. In the event that target exit amount and timings are not met and delayed in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class A Limited Partnership Interest.

Current Model Assumptions

The following table describes the components of fair value, which include the Helios Funds and co-investments, and provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class A Limited Partnership Interest at September 30, 2023:

Components of value	Vintage Year	Committed Capital	Model inputs: Target exit year	Average target exit multiple of invested capital	Discount rate	HFP's share of carried interest	Fair value
Helios Investors II, L.P. ("Helios Fund II")(1)	2009	908,500	2023-2025	2.2x	30.0%	25.0%	5,739
Helios Investors III, L.P. ("Helios Fund III")(2)	2014	1,117,000	2023-2026	2.9x	32.0%	25.0%	63,322
Helios Investors IV, L.P. ("Helios Fund IV")(3)	2020	355,000	2025-2028	3.2x	34.0%	50.0%	13,249
Fair value of Carried Interest Proceeds							82,310
Fair value of direct interest in Helios Fund IV through Management Team Commitment							9,584
Fair value of TopCo LP Class A Limited Partnership Interest							91,894

1) *Helios Fund II is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2023 the underlying portfolio investments in Helios Fund II were primarily comprised of investments in: (i) a private company offering electronic payment processing services in Nigeria; (ii) a public company operating in the telecommunication infrastructure sector across Africa; and (iii) a private company operating in the financial services sector across Africa.*

(2) *Helios Fund III is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2023 the underlying portfolio investments in Helios Fund III were primarily comprised of investments in: (i) a public company providing cross border payment and foreign exchange services across Africa; (ii) a public company providing electronic payment processing services in Egypt; (iii) a private company operating in the gas distribution sector principally in Nigeria; (iv) a private company distributing agricultural inputs across Africa; (v) a private company operating a liquefied natural gas terminal in Ghana; and (vi) a private company operating in the agricultural sector in Egypt.*

(3) *Helios Fund IV is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2023 the underlying portfolio investments in Helios Fund IV were primarily comprised of investments in: (i) a private company operating in the discount grocery retail space in Morocco; (ii) a private company providing cross-border electronic payment processing services globally (including Africa); (iii) a private reinsurance company operating across Africa; (iv) a private company distributing and maintaining medical devices in Morocco; and (v) a private company developing and operating hyperscale-ready data centers in Kenya.*

The continued growth in these underlying companies' businesses, profits and their implied valuations is expected to yield attractive exit valuations, allowing the Helios Funds to realize at profitable exit multiples of invested capital. Helios Funds II and III, which together form a significant part of the fair value of carried interest proceeds, are currently in active stages of marketing their portfolio investments with a goal of meeting their revised exit forecasts through 2023 to 2026 with carried interest proceeds expected to be realized beginning in 2024.

At September 30, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $91,894 (December 31, 2022 - $76,823). Fair value at September 30, 2023 reflected an increase in valuation of $14,139 and a capital contribution of $1,295, offset by a distribution of carried interest of $363. The increase in valuation was driven mainly by the increase in fair value of certain of the underlying investments, primarily in the financial services sector of Helios Fund III.

TopCo LP Class B Limited Partnership Interest

At September 30, 2023, the company estimated the fair value of its TopCo LP Class B Limited Partnership Interest using a discounted cash flow analysis based on multi-year probability-weighted free cash flow forecasts with an assumed discount rate of 16.9%, growth in assets under management of 25.1%, probability weightings of 25.0% to 75.0% on future fundraising initiatives, a long term pre-tax profit margin of 43.0% and a long term growth rate of 4.5% (December 31, 2022 - multi-year probability-weighted free-cash flow forecasts with an assumed discount rate of 15.8%, growth in assets under management of 24.6%, a long term pre-tax profit margin of 42.2% and a long term growth rate of 4.5%). At September 30, 2023, free cash flow forecasts were based on Excess Management Fee forecasts prepared by Helios' management.

Free Cash Flow Forecast Inputs

The primary drivers of the free cash flow estimates are the forecasted growth in assets under management over eight years through the creation of new Helios private equity funds, as well as raising capital for new strategies such as Helios Digital Ventures, Helios Sports and Entertainment Group, Helios Seven Rivers Fund, Helios CLEAR and Helios Energy Transition Infrastructure. The $1.1 billion in fee-earning committed capital in place at September 30, 2023 is expected to grow to $8.2 billion over the eight year forecasting period, implying a compound annual growth rate of 25.1%. Growth in profit margins is expected to be driven by growth in assets under management, combined with expected operating leverage. In the event that TopCo LP does not achieve its forecasted growth in assets under management in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class B Limited Partnership Interest.

Current Model Assumptions

Probability weightings were assigned to management fees for each future initiative. Lower probability weightings were assigned to earnings arising from fee earning capital in the following decreasing order of probability: (i) follow-on funds of current strategies; (ii) funds and permanent capital vehicles for newly launched strategies; and (iii) follow-on funds of these new strategies.

Long term pre-tax profit margins of 43.0% at September 30, 2023 (December 31, 2022 - 42.2%) were estimated by Helios' management based on probability-weighted management fee income and expected operating leverage, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.

The discount rate increased to 16.9% at September 30, 2023 from 15.8% at December 31, 2022. At September 30, 2023, the discount rate of 16.9% continued to include certain risk premiums commensurate with the risks inherent in the probability-weighted expected future cash flows.

The long term growth rate of 4.5% at September 30, 2023 (December 31, 2022 - 4.5%) was based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

At September 30, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $146,975 (December 31, 2022 - $148,575). The decrease in fair value from December 31, 2022 was due primarily to the increase in discount rate driven by rising interest rates in response to high inflation.

TopCo LP's Summarized Financial Information

Summarized below is TopCo LP's balance sheet at June 30, 2023.

Balance Sheet
(unaudited - US$ thousands)

	June 30, 2023
Assets	
Cash	**174**
Equity interest in limited partnerships	**90,292**
Future net fee related earnings	**153,672**
Due from affiliates	**2,376**
Total Assets	**246,514**
Liabilities	
Due to affiliates	**1,218**
Amounts due to Class A interest holder	**90,292**
Distributions payable to Class A interest holder	**—**
Amounts due to Class B interest holder	**153,672**
Distributions payable to Class B interest holder	**1,332**
Total Liabilities	**246,514**

Summarized below is selected information from TopCo LP for the six months ended June 30, 2023.

Realized gain from future net fee related earnings
(unaudited - US$ millions)

	Six months ended June 30, 2023
Gross management fees	**12,708**
Gross expenses	**12,708**
Realized gain from future net fee related earnings (Excess Management Fees to HFP)	**—**

Helios Managed Investments

As at September 30, 2023, the company has deployed $149,426 into Helios Managed Investments representing $48,974 in direct or co-investments and $100,452 to accelerate investments into new strategies. Since the company's initial investments, the fair value has increased by $24,940 (16.7%) to $174,366 as a result of the strong performance of the underlying investee companies.

Co-Investments

Helios Fund IV

Helios Investors IV, L.P. ("Helios Fund IV") is a limited partnership based in the Cayman Islands, structured to receive and deploy capital from limited partners with the objective of earning returns from investments directly or indirectly in Africa. Helios Fund IV is controlled by its general partner, Helios Investors Genpar IV, Ltd. ("Helios Fund IV GP").

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. As agreed with the Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

As of September 30, 2023, Helios Fund IV is managing over $355 million of committed capital and has made investments in: (i) TTMFS Singapore, a private company that provides electronic payment processing services globally (including Africa); (ii) Africa Specialty Risks, a private reinsurance company established in 2020 and is expected to operate across Africa; (iii) BIM Stores Morocco, a private company operating in the discount grocery retail space in Morocco; (iv) Trone, a private company operating in medical devices, in vitro diagnostics and pharmaceuticals in Morocco; and (v) IXAfrica, a private company developing and operating hyperscale-ready data centers in Kenya.

In the first nine months of 2023, the company funded capital calls of $8,632. At September 30, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 - $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital.

At September 30, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (December 31, 2022 - $25,185), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At September 30, 2023, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $46,081 (December 31, 2022 - $33,785). The increase in fair value from December 31, 2022 reflected a net capital contribution of $8,632 and an increase in fair value of the underlying investments, primarily in the technology and insurance sectors of Helios Fund IV.

Since the company's initial investment, the fair value of Helios Fund IV has increased by $12,635 (37.8%) as a result of the strong performance of the underlying investee companies.

Trone Holdings

Trone Investment Holdings (UK) ("Trone Holdings") is a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Trone distributes and maintains medical imaging and diagnostic equipment and produces and distributes contrast pharmaceuticals for imaging.

At September 30, 2023 and December 31, 2022, the company had invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At September 30, 2023, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $17,514 (December 31, 2022 - $17,506).

Seeding Investments

The investment in NBA Africa and the loan to Event Horizon are seeding investments for Helios' sports and entertainment strategy.

NBA Africa

NBA Africa, LLC ("NBA Africa"), is an entity formed by the National Basketball Association ("NBA") to conduct the league's business in Africa including the Basketball Africa League, a partnership between the NBA and the International Basketball Federation. HFP's investment in NBA Africa is the company's first investment into the sports and entertainment sector, a strategy that was launched in 2021.

At September 30, 2023 and December 31, 2022, the company had invested $30,000 in exchange for an equity interest in NBA Africa.

At September 30, 2023, the company estimated the fair value of its investment in NBA Africa to be $36,947 (December 31, 2022 - $39,219). At September 30, 2023, the fair value of the company's investment in NBA Africa decreased from December 31, 2022 due primarily to an increase in the discount rate driven by rising interest rates in response to high inflation.

Event Horizon Loan

Event Horizon Entertainment Limited, a company based in the United Kingdom, is a leading live entertainment and content company, creating and producing global events and travel experiences, with a focus on events that promote African culture. The company's investment is structured as a loan and represents a logical next step into the sports and entertainment sector.

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) (the "Event Horizon Loan"). The Event Horizon loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, is unsecured and matured on January 31, 2023.

Effective February 1, 2023, the Event Horizon Loan agreement was amended. The maturity date was extended to November 30, 2023 and the interest rate was increased to reflect the 3-month SOFR reference rate plus a margin of 9.38%, with a floor rate of 12% and a ceiling rate of 16%. Interest will continue to be accrued and capitalized on a semi-annual basis. In addition, the loan was converted from pounds sterling to U.S. dollars and the loan facility was increased to $14,214. The additional loan facility of $4,944 was funded on April 6, 2023.

On September 1, 2023, the Event Horizon Loan agreement was amended to increase the loan facility to $18,714. All other terms of the loan facility remained the same. The additional loan facility of $4,500 was funded on September 5, 2023.

At September 30, 2023, the company estimated the fair value of the Event Horizon loan to be $20,228 (December 31, 2022 - $9,473).

In the third quarter and first nine months of 2023, the company recorded interest income of $619 and $1,470 (2022 - $204 and $267) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Event Horizon Loan.

Helios Sports and Entertainment Group

Helios Sports and Entertainment Group Ltd. ("HSEG") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of the company. HSEG is an investment holding company, which invests in companies, businesses and opportunities in the sports and entertainment sector in Africa. On April 14, 2023, Helios Sports and Entertainment Holdings Ltd. ("HSEH") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of HSEG. On June 23, 2023, the company seeded this new strategy by investing cash of $6,000 in exchange for shares in HSEG, which provided a non-interest bearing loan of $4,000 to HSEH, repayable on demand.

On June 8, 2023, the company, through HSEG and HSEH, subscribed for a 25% equity interest in Zaria Group Limited (“Zaria”, formerly Cooper Limited) for no consideration and made a maximum financial commitment of $12,000 to Zaria. Zaria was incorporated in Guernsey on April 17, 2023 for the purposes of acquiring, owning, developing, investing in, and operating development sites for mixed-use sports, recreation and entertainment properties in the major urban centers in Africa. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the “Zaria Loan”, formerly the “Cooper Loan”), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033.

At September 30, 2023, the company had invested $6,000 and has a 100% equity interest in HSEG. At September 30, 2023, the fair value of the company’s investment in HSEG was $6,124.

Digital Ventures Facilities

Helios Digital Ventures LP (“HDV”), a limited partnership domiciled in Guernsey, is a venture capital fund with a focus on investing in early-stage technology businesses active in areas such as Technology and Technology-enabled Investments in Financial Services, Food Security, Healthcare, Human Capital and Sustainability across Africa. The company’s investment is structured as a loan.

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with HDV (the “Digital Ventures $40M Facility”). The Digital Ventures $40M Facility is available to fund approved investments consistent with the strategy of HDV. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust (“Obashe”), a company domiciled in the United States (the “Digital Ventures $1M Facility”). Obashe is the sole limited partner of HDV. The Digital Ventures $1M Facility is available to fund Obashe’s limited partnership commitment to HDV pro rata with the investments made with funds drawn on the Digital Ventures $40M Facility. The facilities provide the company with the opportunity to include early-stage growth investments in its Portfolio Investments. In 2022, drawdowns of $14,527 were funded for the Digital Ventures $40M Facility and drawdowns of $363 were funded for the Digital Ventures $1M Facility.

The funds were used by HDV to invest in Paymob, a merchant acquirer offering a diversified product suite of payment solutions in Egypt, and Nomba, a provider of financial services including cash in/cash out, funds transfers and bill payments through digital and physical channels designed to make fintech services accessible and affordable for all Africans.

The Digital Ventures $40M Facility bears interest at a rate of 8% per annum, accrued and capitalized quarterly, is unsecured and matured on May 30, 2023. Effective June 1, 2023, the Digital Ventures $40M Facility was amended to extend the maturity date to June 1, 2024. All other terms of the facility remain unchanged.

The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037.

On June 23, 2023 and August 10, 2023, the company funded drawdowns of $200 and $500, respectively, on the Digital Ventures $40M Facility.

At September 30, 2023, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $16,101 and $388 (December 31, 2022 - $14,956 and $371), respectively, including capitalized interest of $1,034 and $24 (December 31, 2022 - $429 and $7), respectively.

In the third quarter and first nine months of 2023, the company recorded interest income of $324 and $932 (2022 - $202 and $238) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $40M Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $6 and $17 (2022 - $3 and $4) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $1M Facility.

Helios Seven Rivers Fund

Helios Seven Rivers Fund Ltd. (“Seven Rivers”) was incorporated in the Cayman Islands to focus primarily on investing in publicly traded financial instruments, including equities and credit, listed either on local African exchanges or non-African exchanges or traded OTC, in all cases, issued by entities that are domiciled in Africa or are expected to generate a significant share of the revenues or profits from African sources.

In April 2023, the company seeded this new strategy by contributing its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, in exchange for a 93.7% equity interest in Seven Rivers.

At September 30, 2023, the fair value of the company's investment in Seven Rivers was $30,983.

Insured and Guaranteed Legacy Non-core Investments

Indirect equity interest in AGH

AFGRI Holdings Proprietary Limited ("AFGRI Holdings") is a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies.

At August 28, 2023 and December 31, 2022, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP was the largest beneficial shareholder of AGH.

On July 28, 2023, the company entered into a Sale and Purchase Agreement whereby it agreed to sell a portion of its investment in Joseph Holdings (comprised of 158,429,106 Ordinary Shares, 26,363,011 Class A Shares of Joseph Holdings, and the shareholder loan) for an aggregate consideration of $14,000 (the "Tranche 1 Sale and Purchase"). On August 29, 2023, the Tranche 1 Sale and Purchase was completed and the company received the payment of sale proceeds of $14,000 in full. For the nine months ended September 30, 2023, the company recognized a net gain on investments of $1,143, comprised of a realized loss of $52,882 offset by a change in unrealized gain of $54,025, and a net foreign exchange loss of $1,944 within the consolidated statements of earnings (loss) and comprehensive income (loss) due to the Tranche 1 Sale and Purchase. Following the Tranche 1 Sale and Purchase, HFP has a 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH.

Pursuant to the terms of the Agreement and subject to the completion of the Tranche 1 Sale and Purchase, the company will sell its remaining investment in Joseph Holdings (comprised of its remaining interest in common shares and Class A shares of Joseph Holdings) for an aggregate consideration of $2,400 (the "Tranche 2 Sale and Purchase"). The Tranche 2 Sale and Purchase is subject to certain closing conditions and regulatory approvals and will close on the later of August 29, 2024 and the third Business Day following the date on which the Tranche 2 Sale and Purchase conditions are fulfilled or waived.

The Sale and Purchase Agreement contains an Anti-Embarrassment Clause, which outlines a provision for additional payments to the company in the event of a significant post-transaction value increase within the 24-month period commencing on August 29, 2023, triggered by specific types of share or asset disposal. The Sale and Purchase Agreement also contains a Claw Back Clause which represents a liability of up to $8,000 to the company, the payment of which is conditional upon material agreement terminations within the 24-month period commencing on August 29, 2023. Additionally, the Sale and Purchase Agreement includes an Indemnity clause establishing a liability related to certain ongoing claims, allowing the acquirer to potentially claim amounts under specified conditions within the 24-month period from July 28, 2023, which could result in a maximum liability of $16,400 to the company. The company has not attributed any value to these assets and liabilities, as management has assessed the probability of receipt or payment as a result of these clauses being triggered is remote and therefore the fair value of the asset and liabilities are nominal as at September 30, 2023. The Claw Back Clause and Indemnity Clause are not covered by the HFP Redemption Derivative as discussed later in this note.

At September 30, 2023, the company estimated the fair value of its 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH to be $2,400 (December 31, 2022 - $17,456).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later.

Philafrica Foods Proprietary Ltd.

Philafrica Foods Proprietary Ltd. ("Philafrica") is a South African entity that owns and operates maize and wheat mills and animal feed factories.

At September 30, 2023 and December 31, 2022, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica. Philafrica is controlled by AGH through AGH's 60.0% equity interest.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of its investment in Philafrica common shares to be $4,400 (December 31, 2022 - $4,408).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later.

Philafrica Facility

At September 30, 2023 and December 31, 2022, the company had advanced $5,622 (98.0 million South African rand), net of a 2.0% raising fee, to Philafrica under a secured lending arrangement (the "Philafrica Facility"). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The repayment of the Philafrica Facility is subordinated against other third-party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of the Philafrica Facility to be $7,565 (December 31, 2022 - $7,346).

In the third quarter and first nine months of 2023, the company recorded interest income of $300 and $810 (2022 - $197 and $555) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Philafrica Facility.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later.

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023) the company entered into the HFP Redemption Derivative. At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600.

At September 30, 2023, the fair value of the HFP Redemption Derivative was $68,640 (December 31, 2022 - $62,136). The increase in fair value from December 31, 2022 was driven primarily by the passage of time as the HFP Redemption Derivative moved closer to maturity.

Atlas Mara Facility and Atlas Mara Facility Guarantee

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. The company realized $49,114 from the Atlas Mara Facility and the Atlas Mara Facility Guarantee, generating liquidity which can be deployed in future strategies.

Other Legacy Non-core Investments

Indirect equity interest in Nova Pioneer

Nova Pioneer Education Group ("Nova Pioneer") is a Pan-African independent school network offering preschool through secondary education for students from ages 2 through 19. Nova Pioneer operates sixteen schools with a combined enrollment of approximately 5,653 students. Nova Pioneer is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

At September 30, 2023 and December 31, 2022, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer").

At September 30, 2023, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $18,000 (December 31, 2022 – $25,468). The investment was valued using a discounted cash flow analysis at December 31, 2022. At June 30, 2023, the valuation technique was changed from a discounted cash flow analysis to revenue multiples. The decrease in fair value was primarily driven by slower growth, resulting in lower revised revenue projections.

AFGRI International Facility

On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, to AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to a secured lending arrangement (the "AFGRI International Facility").

On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023 and the interest rate was increased to 13.25% per annum, increasing by 50 basis points ("bps") every 3-month interest period.

On March 8, 2023, the company received full repayment of the principal of $10,000 and accrued interest of $1,824 and derecognized the AFGRI International Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $nil and $201 (2022 – $366 and $1,225) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the AFGRI International Facility.

CIG Loan

At December 31, 2022, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (the "CIG Loan"). The CIG Loan bears interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan is secured by CIG's pledge of its equity interests in Conlog Proprietary Limited ("Conlog"), a wholly-owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa.

On September 30, 2022, CIG signed a purchase and sale agreement (the "CIG PSA") whereby CIG would sell its shares in Conlog. The sale was completed in March 2023.

In the first quarter of 2023, the company received full repayment of the principal of $16,391 (300 million South African rand) and derecognized the CIG Loan. In the second quarter of 2023, the company received an interest payment of $1,030, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

Bonds

At September 30, 2023, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind (“Atlas Mara 11.0% Convertible Bonds”). In addition, at June 16, 2022, the company had invested $20,000 in Atlas Mara bonds with a stated coupon of 7.5% per annum, payable semi-annually (“Atlas Mara 7.5% Bonds”) (collectively, the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds are referred to as the “Atlas Mara Bonds”). The Atlas Mara 7.5% Bonds were secured by Atlas Mara’s shares in the Union Bank of Nigeria (“UBN”) and the Atlas Mara 11.0% Convertible Bonds are unsecured.

On June 17, 2022, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on the Atlas Mara 7.5% Bonds.

Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company no longer accrues interest on the Atlas Mara 11% Convertible Bonds effective December 28, 2020.

In the third quarter of 2023, the company received an interest payment of $643 on the Atlas Mara 11.0% Convertible Bonds, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

At September 30, 2023, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil (December 31, 2022 - $nil).

Public Portfolio Investments

The company’s Public Portfolio Investments are as follows:

Common Shares

At December 31, 2022, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange (“Other Common Shares”).

In April 2023, the company transferred its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, to Helios Seven Rivers Fund Ltd. (“Seven Rivers”) in exchange for a 93.7% equity interest in Seven Rivers, described earlier in this note.

Results of Operations

HFP's consolidated statements of earnings (loss) and comprehensive earnings (loss) for the three and nine months ended September 30, 2023 are shown in the following table:

	Third quarter		First nine months	
Income	**2023**	2022	**2023**	2022
Interest	**3,354**	1,727	**9,525**	6,843
Dividends	**—**	160	**208**	950
Net gains (losses) on investments	**(278)**	(11,702)	**15,585**	(43,503)
Net foreign exchange gains (losses)	**71**	(11,736)	**(5,632)**	(14,583)
	3,147	(21,551)	**19,686**	(50,293)
Expenses				
Investment and advisory fees	**856**	836	**2,388**	2,843
Performance fee recovery	**—**	—	**—**	(938)
General and administration expenses	**2,698**	2,631	**8,631**	9,110
Interest expense	**913**	906	**2,704**	2,688
	4,467	4,373	**13,723**	13,703
Earnings (loss) before income taxes	**(1,320)**	(25,924)	**5,963**	(63,996)
Provision for (recovery of) income taxes	**494**	3,047	**(3,249)**	4,325
Net earnings (loss) and comprehensive earnings (loss)	**(1,814)**	(28,971)	**9,212**	(68,321)
Net earnings (loss) per share	**$ (0.02)**	$ (0.27)	**$ 0.09**	$ (0.63)
Net earnings (loss) per diluted share	**$ (0.02)**	$ (0.27)	**$ 0.08**	$ (0.63)

Total income of $3,147 in the third quarter of 2023 compared to total loss of $21,551 in the third quarter of 2022 primarily reflected higher interest income, lower net losses on investments and net foreign exchange gains compared to net foreign exchange losses.

Total income of $19,686 in the first nine months of 2023 compared to total loss of $50,293 in the first nine months of 2022 primarily reflected higher interest income, net gains on investments compared to net losses on investments and lower net foreign exchange losses.

Net gains (losses) on investments for the third quarter of 2023 and 2022 were comprised as follows:

	Third quarter					
	2023			2022		
	Net realized losses	**Net change in unrealized gains (losses)**	**Net gains (losses)**	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Limited partnership investments	**—**	**(3,124)**	**(3,124)**	—	(5,550)	(5,550)
Common shares	**(52,882)**	**52,265**	**(617)**	5,197	(12,438)	(7,241)
Loans	**—**	**297**	**297**	(4,670)	3,948	(722)
Related party derivatives and guarantees	**—**	**3,166**	**3,166**	33,424	(31,613)	1,811
	(52,882)	**52,604**	**(278)**	33,951	(45,653)	(11,702)

Net realized losses on investments of $52,882 in the third quarter of 2023 were comprised of a realized loss on the partial sale of Indirect equity interest in AGH. Net realized gains of $33,951 in the third quarter of 2022 were comprised of realized gains on the cancellation of the Atlas Mara Facility Guarantee ($33,424) and disposal of Other Common Shares ($5,197), offset by a realized loss on the assignment of the Atlas Mara Facility ($5,148).

Net change in unrealized gains on investments of $52,604 in the third quarter of 2023 was principally comprised of unrealized gains on the HFP Redemption Derivative ($3,166), Helios Fund IV ($1,971), TopCo LP Class A Limited Partnership Interest ($1,602), and Seven Rivers ($1,289), and the reversal of previously recognized unrealized losses on Indirect equity interest in AGH ($52,173), partially offset by unrealized losses on TopCo LP Class B Limited Partnership Interest ($6,697) and NBA Africa ($1,048).

Net change in unrealized losses on investments of $45,653 in the third quarter of 2022 was principally comprised of unrealized losses on Nova Pioneer Common Shares ($5,503), TopCo LP Class A Limited Partnership Interest ($3,700), TopCo LP Class B Limited Partnership Interest ($2,249), NBA Africa ($2,154), and Trone ($1,991), and the reversal of previously recognized unrealized gains on the Atlas Mara Facility Guarantee ($36,768) and Other Common shares ($5,051), partially offset by unrealized gains on HFP Redemption Derivative ($5,155), and Indirect equity interest in AGH ($1,494), and the reversal of previously recognized unrealized losses on the Atlas Mara Facility ($3,972).

Net gains (losses) on investments for the first nine months of 2023 and 2022 were comprised as follows:

	First nine months					
	2023			2022		
	Net realized gains (losses)	**Net change in unrealized gains**	**Net gains (losses)**	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Limited partnership investments	**—**	**16,325**	**16,325**	—	(34,306)	(34,306)
Common shares	**(44,623)**	**37,133**	**(7,490)**	5,197	(40,738)	(35,541)
Loans	**29**	**217**	**246**	(9,885)	7,882	(2,003)
Bonds	**—**	**—**	**—**	—	(28)	(28)
Related party derivatives and guarantees	**—**	**6,504**	**6,504**	33,424	(5,049)	28,375
	(44,594)	**60,179**	**15,585**	28,736	(72,239)	(43,503)

Net realized losses on investments of $44,594 in the first nine months of 2023 were principally comprised of a realized loss on the partial sale of Indirect equity interest in AGH ($52,882), partially offset by realized gains on the transfer of Other Common Shares ($8,259).

Net realized gains on investments of $28,736 in the first nine months of 2022 were comprised of realized gains on the cancellation of the Atlas Mara Facility Guarantee ($33,424) and disposal of Other Common Shares ($5,197), offset by a realized loss on the assignment of the Atlas Mara Facility ($10,363).

Net change in unrealized gains on investments of $60,179 in the first nine months of 2023 was principally comprised of unrealized gains on TopCo Class A Limited Partnership Interest ($14,139), the HFP Redemption Derivative ($6,504), and Helios Fund IV ($3,664), and the reversal of previously recognized unrealized losses on Indirect equity interest in AGH ($54,025), partially offset by unrealized losses on Indirect equity interest in Nova Pioneer ($7,468), NBA Africa ($2,272), and TopCo LP Class B Limited Partnership Interest ($1,478), and the reversal of previously recognized unrealized gains on Other Common Shares ($8,324).

Net change in unrealized losses on investments of $72,239 in the first nine months of 2022 was principally comprised of unrealized losses on the company's investments in Indirect equity interest in AGH ($18,546), TopCo LP Class B Limited Partnership Interest ($18,137), TopCo LP Class A Limited Partnership Interest ($15,537), Indirect equity interest in Nova Pioneer ($13,878), Philafrica common shares ($4,574), Other Common Shares ($4,101), and the reversal of previously unrealized gains on the Atlas Mara Facility Guarantee ($32,046) and Other Common Shares ($4,531), partially offset by unrealized gains on the HFP Redemption Derivative ($26,997) and NBA Africa ($1,996), and the reversal of previously unrealized losses on the Atlas Mara Facility ($7,905).

Net foreign exchange gains (losses) for the third quarter of 2023 and 2022 were comprised as follows:

	Third quarter	
	2023	2022
	Net gains (losses)	Net losses
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**3**	(968)
Common shares	**59**	(7,763)
Loans	**8**	(2,995)
Other	**1**	(10)
	71	(11,736)

Net foreign exchange gains of $71 in the third quarter of 2023 were principally a result of the strengthening of the South African rand relative to the U.S. dollar during the period.

Net foreign exchange losses of $11,736 in the third quarter of 2022 were principally a result of the weakening of the South African rand and pound sterling relative to the U.S. dollar during the period.

Net foreign exchange gains (losses) for the first nine months of 2023 and 2022 were comprised as follows:

	First nine months	
	2023	2022
	Net gains (losses)	Net losses
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**(810)**	(1,116)
Common shares	**(3,137)**	(9,292)
Loans	**(1,745)**	(3,989)
Other	**60**	(186)
	(5,632)	(14,583)

Net foreign exchange losses of $5,632 in the first nine months of 2023 were principally a result of the weakening of the South African rand and pound sterling relative to the U.S. dollar during the period.

Net foreign exchange losses of $14,583 in the first nine months of 2022 were principally a result of the weakening of the South African rand and pound sterling relative to the U.S. dollar during the period.

Total expenses of $4,467 in the third quarter of 2023 were consistent with total expenses of $4,373 in the third quarter of 2022.

Total expenses of $13,723 in the first nine months of 2023 were consistent with total expenses of $13,703 in the first nine months of 2022.

General and administrative expenses in the third quarter and first nine months of 2023 include costs attributable to the company's investment activities of $364 and $464 (2022 – $327 and $453). The expenses attributable to investment activities include legal and other professional services required to complete the investment process. As these costs relate directly to the company's investment activities and are not expected to be recurring for an individual investment, they are not considered by management to be general and administrative expenses required for the day-to-day operations of the company.

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of TopCo LP. In the third quarter and first nine months of 2023, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were $856 and $2,388 (2022 - $836 and $2,843).

At September 30, 2023 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 - $nil) as the Adjusted Book Value per Share of $2.87 (December 31, 2022 - $2.91) (before factoring in the impact of the performance fee) was less than the hurdle per share at the respective date of $3.38. In the third quarter and first nine months of 2023, a performance fee of $nil (2022 - a performance fee of $nil and a performance fee recovery of $938) was recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss).

In the third quarter and first nine months of 2023, interest expense of $913 and $2,704 (2022 - $906 and $2,688) related to the HFP 3.0% Debentures.

The provision for income taxes of $494 in the third quarter of 2023 differed from the recovery of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's earnings before income taxes primarily as a result of the tax rate differential on earnings and losses incurred outside of Canada and foreign exchange effects, partially offset by changes in unrecorded tax benefit of losses and temporary differences.

The provision for income taxes of $3,047 in the third quarter of 2022 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on earnings outside of Canada, foreign exchange effects, and the non-taxable portion of unrealized gains and losses on investments, partially offset by change in unrecorded tax benefit of losses and temporary differences.

The recovery for income taxes of $3,249 in the first nine months of 2023 differed from the provision of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's earnings before income taxes primarily as a result of the non-taxable portion of unrealized gains and losses on investments, change in unrecorded tax benefit of losses and temporary differences, and foreign exchange effects, partially offset by the tax rate differential on losses incurred outside of Canada.

The provision for income taxes of $4,325 in the first nine months of 2022 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on earnings outside of Canada, foreign exchange effects, and the non-taxable portion of unrealized gains and losses on investments, partially offset by change in unrecorded tax benefit of losses and temporary differences.

The company reported a net loss of $1,814 (a net loss of $0.02 per basic and diluted share) in the third quarter of 2023 compared to a net loss of $28,971 (a net loss of $0.27 per basic and diluted share) in the third quarter of 2022. The decrease in net loss primarily reflected higher interest income, lower net losses on investments, net foreign exchange gains compared to net foreign exchange losses, and a lower provision for income taxes.

The company reported net earnings of $9,212 (net earnings of $0.09 per basic share and $0.08 per diluted share) in the first nine months of 2023 compared to a net loss of $68,321 (a net loss of $0.63 per basic and diluted share) in the first nine months of 2022. The change from net loss to net earnings primarily reflected higher interest income, net gains on investments compared to net losses on investments, lower net foreign exchange losses, and a recovery of income taxes compared to a provision for income taxes.

Consolidated Balance Sheet Summary

The assets and liabilities reflected on the company's consolidated balance sheet at September 30, 2023 were primarily impacted by changes to the Portfolio Investments, including the repayment of the CIG Loan and the AFGRI International Facility, the partial sale of indirect equity interest in AGH, investments in Seven Rivers, HSEG, and Event Horizon, and capital contributions to Helios Fund IV and TopCo LP.

	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**116,238**	125,241
Related party loan	**19,775**	19,030
Related party derivatives and guarantees	**68,640**	62,136
Portfolio Investments	**445,818**	441,954
Total cash and investments	**650,471**	648,361
Interest receivable	**815**	405
Income tax refundable	**7,310**	1,695
Receivable from related parties	**1,401**	1,319
Other assets	**2,094**	832
Total assets	**662,091**	652,612
Liabilities		
Accounts payable and accrued liabilities	**462**	218
Payable to related parties	**849**	803
Deferred income taxes	**6,891**	8,058
Other liabilities	**549**	—
Borrowings	**99,686**	99,226
Total liabilities	**108,437**	108,305
Equity		
Common shareholders' equity	**553,654**	544,307
	662,091	652,612

Total Assets

Total assets at September 30, 2023 of $662,091 increased compared to total assets of $652,612 at December 31, 2022. The increase was principally comprised of the following:

Total cash and investments increased to $650,471 at September 30, 2023 from $648,361 at December 31, 2022.

Cash and cash equivalents decreased to $116,238 at September 30, 2023 from $125,241 at December 31, 2022, primarily as a result of investments in Seven Rivers, HSEG, and the Event Horizon Loan, the funding of a capital contribution for Helios Fund IV and TopCo LP Class A, and operating expenses, partially offset by the receipt of full repayment of the CIG Loan and the AFGRI International Facility and the partial sale of Indirect equity interest in AGH.

Portfolio Investments – The company is actively seeking investment opportunities in Africa and will continue to redirect capital from its cash and cash equivalents into Portfolio Investments as and when those opportunities are identified. For more information about recent Portfolio Investments, see the Portfolio Investments section of this MD&A.

Total Liabilities

Total liabilities at September 30, 2023 of $108,437 were consistent with total liabilities of $108,305 at December 31, 2022.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the processes used by the company for managing those risk exposures at September 30, 2023 compared to those identified at December 31, 2022 and disclosed in the company's 2022 Annual Report, other than as outlined in note 12 (Financial Risk Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

Capital Resources and Management

For a detailed analysis, refer to note 12 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

Book Value per Share

Common shareholders' equity at September 30, 2023 was $553,654 (December 31, 2022 - $544,307). The company's book value per share at September 30, 2023 was $5.11 compared to $5.03 at December 31, 2022, representing an increase in 2023 of 1.6%, primarily due to net earnings of $0.09 at September 30, 2023.

	September 30, 2023	December 31, 2022
Common shareholders' equity	**553,654**	544,307
Number of common shares outstanding	**108,264,033**	108,193,971
Book value per share	**$5.11**	$5.03

Liquidity

Cash and cash equivalents and the RMB facility (refer to note 7) at September 30, 2023 provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to Helios Digital Ventures LP, Helios Fund IV, TopCo LP, and the Zaria Loan, interest expense on the HFP 3.0% Debentures, investment and advisory fees, general and administration expenses, corporate income taxes, a portion of the lease liability, and the settlement of the HFP 3.0% Debentures, net of the fair value of the HFP Redemption Derivative.

At September 30, 2023 and December 31, 2022, the company determined that a performance fee of $nil should be accrued to TopCo LP. Refer to the Contractual Obligations section of this MD&A for details on the settlement of the performance fees, if any, at the end of the first calculation period, December 31, 2023.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required. The risk is partially mitigated by escrow accounts established by each Helios Fund in accordance with their respective governing documents. At September 30, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

The company may be subject to clawback and indemnity obligations with respect to the sale of a portion of its indirect equity interest in AGH, should certain clauses in the Sale and Purchase Agreement be triggered. At September 30, 2023, the company was not subject to any clawback or indemnity obligations with respect to its indirect equity interest in AGH.

The company may also be subject to capital call obligations with respect to its TopCo LP Class A and Class B Limited Partnership Interests to cover its pro rata share of expenses incurred by TopCo LP and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP.

Highlights in the first nine months of 2023 (with comparisons to the first nine months of 2022 except as otherwise noted) of major components of cash flow are presented in the following table:

	First nine months	
	2023	2022
Operating activities		
Cash provided by (used in) operating activities, excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest	**(10,700)**	30,973
Net disposals of investments	**2,295**	10,320
Receipt of equalization capital adjustments	**—**	5,404
Receipt of returns of capital and Excess Management Fees	**—**	6,593
Receipt of carried interest	**363**	—
Financing activities		
Purchases of subordinate voting shares for cancellation	**(211)**	(305)
Increase (decrease) in cash and cash equivalents during the period	**(8,253)**	52,985

Cash used in operating activities, excluding net disposals of investments and receipt of carried interest of $10,700 in the first nine months of 2023 changed from cash provided by operating activities, excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest of $30,973 in the first nine months of 2022 primarily due to the settlement of the Atlas Mara Facility Guarantee in first nine months of 2022.

Net disposals of investments of $2,295 in the first nine months of 2023 were comprised of disposals of investments of $42,525 related to the full repayment of the CIG Loan and the AFGRI International Facility and the partial sale of Indirect equity investment in AGH, offset by purchases of investments of $40,230 related to the company's investments in Seven Rivers, HSEG, Event Horizon, Helios Fund IV, and TopCo LP Class A. Net disposals of investments of $10,320 in the first nine months of 2022 were comprised of disposals of investments of $34,629 related to the full repayment of the Atlas Mara 7.5% Bonds of $20,000, partial repayment of the Atlas Mara Facility of $4,365, and sale of Other Common Shares, offset by purchases of investments of $24,309 related to the company's investments in the Event Horizon Loan, the Digital Ventures $40M Facility, and the Digital Ventures $1M Facility.

Receipt of equalization capital adjustments of $5,404 in the first nine months of 2022 related to receipt of equalization adjustments from Helios Fund IV. There was no receipt of equalization capital adjustments in the first nine months of 2023.

Receipt of carried interest of $363 in the first nine months of 2023 related to receipt of carried interest from TopCo LP Class A Limited Partnership Interest. There was no receipt of carried interest in the first nine months of 2022.

Receipt of returns of capital and Excess Management Fees of $6,593 in the first nine months of 2022 related to the receipt of a return of capital from Helios Fund IV of $4,418 and Excess Management Fees from TopCo Class A Limited of $2,175. There was no receipt of returns of capital and Excess Management Fees in the first nine months of 2023.

Purchases of subordinate voting shares of $211 in the first nine months of 2023 (2022 - $305) related to the cash paid for the company's purchases for cancellation of 72,276 subordinate voting shares (2022 - 88,776 subordinate voting shares) under the terms of the normal course issuer bid that were settled in the period.

Contractual Obligations

The following table presents the company's contractual obligations by their contractual maturity date:

	September 30, 2023					December 31, 2022	
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**	**Total**	**Less than 1 year**
HFP 3.0% Debenture - Principal repayment(1)	**100,000**	**100,000**	**—**	**—**	**—**	100,000	100,000
HFP 3.0% Debenture - Interest	**1,500**	**1,500**	**—**	**—**	**—**	750	750
Digital Ventures $40M Facility	**24,773**	**24,773**	**—**	**—**	**—**	25,473	25,473
Digital Ventures $1M Facility	**637**	**637**	**—**	**—**	**—**	637	637
Helios Fund IV Commitment	**16,553**	**16,553**	**—**	**—**	**—**	25,185	25,185
Zaria Loan Commitment	**8,000**	**8,000**	**—**	**—**	**—**	—	—
TopCo LP Management Team Commitment	**2,483**	**2,483**	**—**	**—**	**—**	3,778	3,778
Due to related parties	**849**	**849**	**—**	**—**	**—**	803	803
Accounts payable and accrued liabilities	**462**	**462**	**—**	**—**	**—**	218	218
Other liabilities	**549**	**88**	**147**	**115**	**199**	—	—
	155,806	**155,345**	**147**	**115**	**199**	156,844	156,844

(1) *At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600. Fairfax did not exercise its option to redeem the HFP 3.0% Debenture on March 31, 2022, the first anniversary or March 31, 2023, the second anniversary. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.*

Under the terms of the Investment Advisory Agreement (defined in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2023), the company is contractually obligated to pay TopCo LP an investment and advisory fee and, if applicable, a performance fee. These fees will vary based on the company's common shareholders' equity and book value per share. In the third quarter and first nine months of 2023, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were $856 and $2,388 (2022 - $836 and $2,843).

Under the Investment Advisory Agreement, the period from January 1, 2021 to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At September 30, 2023 and December 31, 2022, the company determined that a performance fee of $nil should be accrued to TopCo LP as the Adjusted Book Value per Share of $2.87 (December 31, 2022 - $2.91) (before factoring in the impact of the performance fee) at September 30, 2023 was less than the hurdle per share at the respective date of $3.38. Refer to note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2023 for discussion on the performance fee.

Concentration Risk

The company's investments are primarily concentrated in Africa and in African businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment of African countries in which the company has investments. Adverse changes to the economic condition, interest rates or regulatory environment in those African countries may have a material adverse effect on the company's business, cash flows, financial condition and net earnings.

The composition of the company's Portfolio Investments by industry sector is presented in the following table:

	September 30, 2023	December 31, 2022
Asset management[2]	**238,869**	225,398
Food and agriculture	**14,365**	40,879
Financial services [1]	**36,624**	26,510
Education	**18,000**	25,468
Entertainment	**61,299**	48,692
Infrastructure	**8,641**	17,632
Retail and distribution [1]	**41,158**	33,685
Insurance [1]	**10,553**	7,095
Other	**16,309**	16,595
	445,818	441,954

(1) Helios Fund IV, Seven Rivers, and HSEG have been allocated to industry sectors based on underlying investment holdings.
(2) The returns of TopCo LP Class A Limited Partnership Interest and TopCo LP Class B Limited Partnership Interest are tied to the performance of Helios Holdings Group.

During the first nine months of 2023, the company's exposure to concentration risk by sector through its Portfolio Investments changed as follows:

- Asset management sector increased primarily due to unrealized gains on and capital contributions to TopCo LP Class A Limited Partnership Interest.
- Education sector decreased primarily due to an unrealized loss on the Indirect equity investment in Nova Pioneer.
- Entertainment sector increased primarily due to investments in HSEG and the Event Horizon Loan.
- Food and agriculture sector decreased primarily due to the repayment of the AFGRI International Facility and partial sale of Indirect equity interest in AGH.
- Financial services sector increased primarily due to an investment in Seven Rivers.
- Infrastructure sector decreased primarily due to the repayment of the CIG Loan, partially offset by an investment in Seven Rivers.
- Insurance sector increased primarily due to a capital contribution to Helios Fund IV.
- Retail and distribution sector increased primarily due to a capital contribution to Helios Fund IV and an investment in Seven Rivers.

Related Party Transactions

The company's related party transactions are disclosed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	**September 30, 2023**	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Income (loss)	**3,147**	5,092	11,447	28,237	(21,551)	(30,207)	1,465	2,208
Expenses	**4,467**	4,261	4,995	7,217	4,373	5,042	4,288	5,581
Provision for (recovery of) income taxes	**494**	(3,157)	(586)	3,476	3,047	1,166	112	(2,127)
Net earnings (loss)	**(1,814)**	3,988	7,038	17,544	(28,971)	(36,415)	(2,935)	(1,246)
Net earnings (loss) per share	**$ (0.02)**	$ 0.04	$ 0.07	$ 0.16	$ (0.27)	$ (0.34)	$ (0.03)	$ (0.01)
Net earnings (loss) per diluted share	**$ (0.02)**	$ 0.04	$ 0.06	$ 0.16	$ (0.27)	$ (0.34)	$ (0.03)	$ (0.01)

Income (loss) is primarily comprised of net gains (losses) on investments, net foreign exchange gains (losses), interest income, and dividend income. Net loss in the third quarter of 2023 was primarily due to net losses on investments, the timing of which are not predictable, investment and advisory fees, general and administration expenses, interest expense, and a provision for income taxes, partially offset by net foreign exchange gains, the timing of which are not predictable, and interest.

Individual quarterly results have been (and may in the future be) affected by increased expenses impacted by the change in fair value of the company's Portfolio Investments which result in higher performance fees, if applicable, and investment and advisory fees.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in the MD&A do not have a prescribed meaning under IFRS as issued by the IASB and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share - The company considers book value per share a key performance measure in evaluating its objective of long-term capital appreciation, while preserving capital. Book value per share is a key performance measure of the company and is closely monitored. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheets and note 8 (Common Shareholders' Equity under the heading Common Stock) respectively within the interim consolidated financial statements for the three and nine months ended September 30, 2023.

Non-GAAP Financial Measures

Adjusted book value per share - This measure adjusts common shareholders' equity in the book value per share calculation to remove the fair value of TopCo LP Class A and B Limited Partnership Interests and any undeployed cash received in respect of TopCo LP distributions at the end of the current reporting period as presented in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) within the interim consolidated financial statements for the three and nine months ended September 30, 2023. This measure is also closely monitored as it is used to calculate the performance fee, if any, to TopCo LP for the benefit of the Manager.

Cash provided by (used in) operating activities, excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest - This measure provides the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, interest expense, investment and advisory fees, current income taxes, and general and administration expenses, and excludes the impact of purchases and sales of investments, receipt of equalization adjustments, receipt of Excess Management Fees, and return of capital.

Compound annual growth (decline) rate - The company uses the compound annual growth (decline) rate to measure performance of certain of the above-noted metrics over a specified period of time. Compound annual growth (decline) rate is calculated using the formula: (ending value / beginning value) ^ (1 / number of years) – 1.

Unrealized carried interest – provides a measure of the amount of carried interest that would be allocatable to TopCo LP if all the portfolio investments in the respective Helios Funds were to be exited at their fair values at the reporting date.

Index to Interim Consolidated Financial Statements

Consolidated Balance Sheets
as at September 30, 2023 and December 31, 2022
(unaudited - US$ thousands)

	Notes	**September 30, 2023**	December 31, 2022
Assets			
Cash and cash equivalents	6, 17	**116,238**	125,241
Portfolio Investments	5, 6, 13	**445,818**	441,954
Related party derivatives and guarantees	5, 6, 13	**68,640**	62,136
Related party loan	6, 13	**19,775**	19,030
Total cash and investments		**650,471**	648,361
Interest receivable		**815**	405
Income taxes refundable	11	**7,310**	1,695
Other receivable from related parties	13	**1,401**	1,319
Other assets	13, 14	**2,094**	832
Total assets		**662,091**	652,612
Liabilities			
Accounts payable and accrued liabilities		**462**	218
Payable to related parties	13	**849**	803
Deferred income taxes	11	**6,891**	8,058
Other liabilities		**549**	—
Borrowings	7	**99,686**	99,226
Total liabilities		**108,437**	108,305
Equity			
Common shareholders’ equity	8	**553,654**	544,307
		662,091	652,612

See accompanying notes.

Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)
for the three and nine months ended September 30, 2023 and 2022
(unaudited - US$ thousands except per share amounts)

		Third quarter		First nine months	
	Notes	**2023**	2022	**2023**	2022
Income					
Interest	6	**3,354**	1,727	**9,525**	6,843
Dividends	6	**—**	160	**208**	950
Net gains (losses) on investments	6	**(278)**	(11,702)	**15,585**	(43,503)
Net foreign exchange gains (losses)	6	**71**	(11,736)	**(5,632)**	(14,583)
		3,147	(21,551)	**19,686**	(50,293)
Expenses					
Investment and advisory fees	13	**856**	836	**2,388**	2,843
Performance fee recovery	13	**—**	—	**—**	(938)
General and administration expenses	13, 15	**2,698**	2,631	**8,631**	9,110
Interest expense	7	**913**	906	**2,704**	2,688
		4,467	4,373	**13,723**	13,703
Earnings (loss) before income taxes		**(1,320)**	(25,924)	**5,963**	(63,996)
Provision for (recovery of) income taxes	11	**494**	3,047	**(3,249)**	4,325
Net earnings (loss) and comprehensive earnings (loss)		**(1,814)**	(28,971)	**9,212**	(68,321)
Net earnings (loss) per share	10	**$ (0.02)**	$ (0.27)	**$ 0.09**	$ (0.63)
Net earnings (loss) per diluted share	8	**$ (0.02)**	$ (0.27)	**$ 0.08**	$ (0.63)
Shares outstanding (weighted average)	10	**108,296,706**	108,193,971	**108,273,211**	108,193,971

See accompanying notes.

Consolidated Statements of Changes in Equity

for the nine months ended September 30, 2023 and 2022
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Warrants	Contributed surplus	Retained earnings (deficit)	Common share-holders' equity
Balance as of January 1, 2023	**432,963**	**439,904**	**8,375**	**5,557**	**24,515**	**(367,007)**	**544,307**
Net earnings for the period	**—**	**—**	**—**	**—**	**—**	**9,212**	**9,212**
Issuances (note 8)	**473**	**—**	**—**	**—**	**—**	**—**	**473**
Reduction of stated capital (note 8)	**(179,550)**	**(179,550)**	**—**	**—**	**359,100**	**—**	**—**
Purchases for cancellation (note 8)	**(586)**	**—**	**—**	**—**	**—**	**375**	**(211)**
Amortization of share-based payments (note 8)	**—**	**—**	**(132)**	**—**	**—**	**—**	**(132)**
Tax benefit on equity transactions (note 11)	**—**	**—**	**—**	**—**	**5**	**—**	**5**
Balance as of September 30, 2023	**253,300**	**260,354**	**8,243**	**5,557**	**383,620**	**(357,420)**	**553,654**
Balance as of January 1, 2022	432,370	439,904	5,562	5,557	24,337	(315,828)	591,902
Net loss for the period	—	—	—	—	—	(68,321)	(68,321)
Issuances (note 8)	—	—	72	—	—	—	72
Purchases for cancellation (note 8)	(722)	—	—	—	—	417	(305)
Amortization of share-based payments (note 8)	—	—	308	—	—	—	308
Automatic share purchase plan commitment (note 8)	1,319	—	—	—	—	(819)	500
Tax benefit (expense) on equity transactions (note 11)	(4)	—	—	—	212	—	208
Balance as of September 30, 2022	432,963	439,904	5,942	5,557	24,549	(384,551)	524,364

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and nine months ended September 30, 2023 and 2022
(unaudited - US$ thousands)

	Notes	Third quarter 2023	Third quarter 2022	First nine months 2023	First nine months 2022
Operating activities					
Net earnings (loss)		**(1,814)**	(28,971)	**9,212**	(68,321)
Items not affecting cash and cash equivalents:					
Net bond discount accretion		**(40)**	(70)	**54**	(403)
Capitalized interest on loans and bonds	5	**(1,128)**	(673)	**(3,244)**	(1,686)
Performance fee recovery	13	**—**	—	**—**	(938)
Deferred income taxes	11	**(81)**	(2,256)	**(1,167)**	(743)
Amortization of share-based payment awards	9	**98**	128	**(132)**	308
Issuance of share-based payment awards	9	**—**	—	**473**	72
Net (gains) losses on investments	6	**278**	11,702	**(15,585)**	43,503
Net foreign exchange (gains) losses	6	**(71)**	11,736	**5,632**	14,583
Purchases of investments	5, 17	**(13,308)**	(7,933)	**(40,230)**	(24,309)
Disposals of investments	5, 17	**14,295**	10,264	**42,525**	34,629
Receipt of equalization capital adjustments	5	**—**	606	**—**	5,404
Receipt of returns of capital and Excess Management Fees	5	**—**	508	**—**	6,593
Receipt of carried interest	5	**—**	—	**363**	—
Settlement of guarantee asset	13	**—**	33,424	**—**	33,424
Recovery of guaranteed amounts	14	**—**	—	**—**	602
Changes in operating assets and liabilities:					
Interest receivable		**(144)**	(302)	**(410)**	2,398
Accounts payable and accrued liabilities		**55**	350	**244**	662
Income taxes payable (refundable)		**(396)**	5,130	**(5,615)**	4,888
Other receivables from related parties		**—**	420	**40**	9,438
Payable to related parties		**(10)**	(119)	**46**	(7,025)
Other		**27**	203	**(248)**	211
Cash provided by (used in) operating activities		**(2,239)**	34,147	**(8,042)**	53,290
Financing activities					
Subordinate voting shares - purchases for cancellation	8	**(192)**	—	**(211)**	(305)
Cash used in financing activities		**(192)**	—	**(211)**	(305)
Increase in cash and cash equivalents		**(2,431)**	34,147	**(8,253)**	52,985
Cash and cash equivalents - beginning of period		**118,665**	94,973	**125,241**	76,284
Foreign currency translation		**4**	(966)	**(750)**	(1,115)
Cash and cash equivalents - end of period	17	**116,238**	128,154	**116,238**	128,154

See accompanying notes.

1. Business Operations

Helios Fairfax Partners Corporation ("the company" or "HFP") is an investment holding company whose objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa ("Portfolio Investments"). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

Fairfax Financial Holdings Limited ("Fairfax") and HFP Investments Holdings SARL ("Principal Holdco") are the company's ultimate controlling parties. Refer to note 12 for details on voting rights and equity interest in the company.

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP ("Helios" or the "Manager"), provides investment management services, investment advisory services and investment administration services to the company. The company makes its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub") and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub").

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company is located at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7.

2. Basis of Presentation

The company's interim consolidated financial statements for the three and nine months ended September 30, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on November 8, 2023.

3. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2022, prepared in accordance with IFRS as issued by the IASB, except as noted below. Those policies and methods of computation have been consistently applied to all periods presented.

Leases

During the third quarter of 2023, the company adopted IFRS 16 *Leases* upon entering into an office lease.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets and leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statements of earnings (loss) and comprehensive earnings (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability at the initial date of the lease represents the net present value of the lease payments, less any lease incentive receivable, including any exercise price of a purchase option if it is reasonably certain of being exercised, discounted by using the interest rate implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate of the company at the date of the lease. The interest calculated on the lease liability is expensed as interest expense. The right-of-use asset is equal to the lease liability plus any prepayments, less any lease incentive received, initial restoration costs and any direct costs incurred. The right-of-use asset is depreciated on a straight-line basis over the term of the lease. Right-of-use assets are included within other assets in the consolidated balance sheet. Liabilities arising from a lease are included within other liabilities in the consolidated balance sheet.

New accounting pronouncements adopted in 2023

On January 1, 2023 the company adopted the following amendments which did not have a significant impact on the company's consolidated financial statements: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2),* and *Definition of Accounting Estimates (Amendments to IAS 8).*

New accounting pronouncements issued but not yet effective

The IASB issued the following amendments in 2020 and 2022, respectively, which the company does not expect to adopt in advance of their effective date of January 1, 2024: *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* and *Non-current Liabilities with Covenants (Amendments to IAS 1)*. In 2023, the IASB issued *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* which the company does not expect to adopt in advance of its effective date of January 1, 2024. The company is assessing the impact of these amendments on the company's consolidated financial statements.

In 2023, the IASB issued *International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) and International Tax Reform - Pillar Two Model Rules (Amendments to the "IFRS for SMEs" Standard).* The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. In 2023, the IASB also issued *Lack of Exchangeability (Amendments to IAS 21)*. The amendments are effective for reporting periods beginning on or after 1 January 2025. The company is assessing the impact of this amendment on its consolidated financial statements.

4. Critical Accounting Estimates and Judgments

Determination of Investment Entity Status, Valuation of Private Portfolio Investments, and Income Taxes

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in the determination of investment entity status, the valuation of Private Portfolio Investments, and the provision for income taxes in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2022. The effects of geopolitical risks and inflation and rising interest rates on the company are discussed in note 12.

Determination of Helios Seven Rivers Fund Investment Entity Status

The company exercised judgment and concluded that its subsidiary, Helios Seven Rivers Fund, meets the definition of an investment entity and should, therefore, be recognized as a portfolio investment recorded at fair value through profit and loss. The company's conclusion is supported by the following key factors: (i) Helios Seven Rivers Fund has the objective of investing and providing investment management services for the purpose of generating returns from capital appreciation, investment income, or both; and (ii) Helios Seven Rivers Fund measures the value of its underlying investments at fair value through profit and loss and uses fair value to assess the performance of the investments. These investment management services are provided through the company's existing investment management relationships.

The company's assessment that Helios Seven Rivers Fund is an investment entity requires an ongoing assessment of Helios Seven Rivers Fund's strategic objectives, business activities, and method of measuring and evaluating its performance. Accordingly, Helios Seven Rivers Fund's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

5. Portfolio Investments and Related Party Loan, Derivatives and Guarantees

Summary of Changes in Fair Value of the Company's Portfolio Investments

A summary of changes in the fair value of the company's Public and Private Portfolio Investments for the third quarter and first nine months of 2023 and 2022 were as follows:

	Third quarter of 2023					
	Balance as of July 1	**Purchases / Contributions[(1)]**	**Sales / Distributions / Redemptions/ Conversions**	**Net gains (losses) on investments[(2)]**	**Net foreign exchange gains on investments**	**Balance as of September 30**
Portfolio Investments:						
Private Investments:						
Limited partnership investments:						
TopCo LP limited partnership interests	**243,964**	**—**	**—**	**(5,095)**	**—**	**238,869**
Helios Fund IV limited partnership interest	**44,110**	**—**	**—**	**1,971**	**—**	**46,081**
Common shares	**131,439**	**—**	**(14,295)**	**(617)**	**59**	**116,586**
Loans	**38,100**	**6,168**	**—**	**6**	**8**	**44,282**
Total Private Investments	**457,613**	**6,168**	**(14,295)**	**(3,735)**	**67**	**445,818**
Total Portfolio Investments	**457,613**	**6,168**	**(14,295)**	**(3,735)**	**67**	**445,818**

(1) Inclusive of capitalized interest and accretion of $300 on Philafrica Facility, $547 on Event Horizon Loan, $315 on Digital Ventures $40M Facility and $6 on Digital Ventures $1M Facility.

(2) Total net change in unrealized gains (losses) on investments is $52,604. Within this change, the unrealized gains (losses) on investment for Level 3 investments still held as of September 30, 2023 is $431.

	Third quarter of 2022					
	Balance as of July 1	**Purchases / Contributions[(1)]**	**Sales / Distributions / Redemptions/ Conversions**	**Net gains (losses) on investments[(2)]**	**Net foreign exchange losses on investments**	**Balance as of September 30**
Portfolio Investments:						
Public Investments:						
Common shares	26,074	—	(10,264)	(571)	(734)	14,505
Total Public Investments	26,074	—	(10,264)	(571)	(734)	14,505
Private Investments:						
Limited partnership investments:						
TopCo LP limited partnership interests	220,790	—	(508)	(5,949)	—	214,333
Helios Fund IV limited partnership interest	28,619	240	(844)	399	—	28,414
Common shares	132,041	—	—	(6,670)	(7,029)	118,342
Loans	53,509	8,624	(1)	(722)	(2,995)	58,415
Bonds	—	—	—	—	—	—
Total Private Investments	434,959	8,864	(1,353)	(12,942)	(10,024)	419,504
Total Portfolio Investments	461,033	8,864	(11,617)	(13,513)	(10,758)	434,009

(1) Inclusive of capitalized interest and accretion of $357 on AFGRI International Facility and $197 on Philafrica Facility, $136 on Digital Ventures $40M Facility and $2 on Digital Ventures $1M Facility.

(2) Total net change in unrealized gains (losses) on investments is $(45,653). Within this change, the unrealized gains (losses) on investment for Level 3 investments still held as of September 30, 2022 is $(7,806).

	First nine months of 2023					
	Balance as of January 1	Purchases / Contributions[1]	Sales / Distributions / Redemptions/ Conversions	Net gains (losses) on investments[2]	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:						
Public Investments:						
Common shares	**16,595**	**—**	**(15,856)**	**(65)**	**(674)**	**—**
Total Public Investments	**16,595**	**—**	**(15,856)**	**(65)**	**(674)**	**—**
Private Investments:						
Limited partnership investments:						
TopCo LP limited partnership interests	**225,398**	**1,295**	**(485)**	**12,661**	**—**	**238,869**
Helios Fund IV limited partnership interest[3]	**33,785**	**8,632**	**—**	**3,664**	**—**	**46,081**
Common shares	**104,729**	**36,040**	**(14,295)**	**(7,425)**	**(2,463)**	**116,586**
Loans	**61,447**	**13,294**	**(28,215)**	**(499)**	**(1,745)**	**44,282**
Total Private Investments	**425,359**	**59,261**	**(42,995)**	**8,401**	**(4,208)**	**445,818**
Total Portfolio Investments	**441,954**	**59,261**	**(58,851)**	**8,336**	**(4,882)**	**445,818**

(1) Inclusive of capitalized interest and accretion of $352 on AFGRI International Facility , $810 on Philafrica Facility, $1,051 on Event Horizon Loan, $919 on Digital Ventures $40M Facility and $17 on Digital Ventures $1M Facility.

(2) Total net change in unrealized gains (losses) on investments is $60,179. Within this change, the unrealized gains (losses) on investment for Level 3 investments still held as of September 30, 2023 is $14,721.

	First nine months of 2022					
	Balance as of January 1	Purchases / Contributions[1]	Sales / Distributions / Redemptions/ Conversions	Net losses on investments[2]	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:						
Public Investments:						
Common shares	29,292	—	(10,264)	(2,992)	(1,531)	14,505
Total Public Investments	29,292	—	(10,264)	(2,992)	(1,531)	14,505
Private Investments:						
Limited partnership investments:						
TopCo LP limited partnership interests	250,182	—	(2,175)	(33,674)	—	214,333
Helios Fund IV limited partnership interest	38,866	240	(10,060)	(632)	—	28,414
Common shares	158,614	38	—	(32,549)	(7,761)	118,342
Loans	42,564	26,209	(4,366)	(2,003)	(3,989)	58,415
Bonds	20,028	—	(20,000)	(28)	—	—
Total Private Investments	510,254	26,487	(36,601)	(68,886)	(11,750)	419,504
Total Portfolio Investments	539,546	26,487	(46,865)	(71,878)	(13,281)	434,009

(1) Inclusive of capitalized interest and accretion of $1,208 on AFGRI International Facility and $555 on Philafrica Facility, $136 on Digital Ventures $40M Facility and $2 on Digital Ventures $1M Facility.

(2) Total net change in unrealized gains (losses) on investments is $(72,239). Within this change, the unrealized gains (losses) on investment for Level 3 investments still held as of September 30, 2022 is $(43,567).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

At December 31, 2022, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange ("Other Common Shares").

In April 2023, the company transferred its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, to Helios Seven Rivers Fund Ltd. ("Seven Rivers") in exchange for a 93.7% equity interest in Seven Rivers, described later in this note.

Private Portfolio Investments

The company's Private Portfolio Investments are as follows:

Limited Partnership Investments

TopCo LP

At September 30, 2023 and December 31, 2022, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP, a limited partnership established under the laws of Guernsey and controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of Helios Holdings Limited ("HHL").

HFP is entitled to receive carried interest proceeds received by TopCo LP, through its ownership of TopCo LP Class A Limited Partnership Interests, when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required. At September 30, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

TopCo LP also entered into contractual arrangements with certain Helios Holdings Group entities, pursuant to which the Helios Holdings Group entities entitled to receive management fees assigned their respective rights to receive all management fees to TopCo LP and TopCo LP agreed to pay all expenses incurred in order to receive the management fees ("Excess Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive Excess Management Fees after a six-month holding period by TopCo LP.

TopCo LP is a limited partner of HIP Equity IV, L.P. ("HIP Equity IV"), which is the general partner of Helios Fund IV. HFP is committed to contribute no more than 50.0% of either $15,000 or 2.0% of total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV and future Helios Funds ("Management Team Commitment") in exchange for pro rata limited partnership interest not subject to management fees and carried interest. Contributions in excess of this limit require consultation in good faith with the company and with Fairfax. This commitment is funded from capital contributed via HFP's TopCo LP Class A Limited Partnership Interest. In 2022, HFP's total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV decreased from 50% to 25% following the final close of Helios Fund IV. At September 30, 2023, HFP's net capital contribution to TopCo LP in respect of Management Team Commitments represents an indirect equity interest of 2% in Helios Fund IV (December 31, 2022 – 2%).

In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In the first nine months of 2023, the company funded capital calls of $1,295 from TopCo for its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At September 30, 2023, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,483.

At September 30, 2023, the fair value of the company's investment in TopCo LP Limited Partnership Interests was $238,869 (December 31, 2022 - $225,398).

Helios Fund IV

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV, a limited partnership based in the Cayman Islands. As agreed with the Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

In the first nine months of 2023, the company funded capital calls of $8,632. At September 30, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 - $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital.

At September 30, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (December 31, 2022 - $25,185), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At September 30, 2023, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $46,081 (December 31, 2022 - $33,785).

Common Shares

NBA Africa

HFP US Investments, Inc. ("U.S. Holdco") is a wholly-owned holding company, formed for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), an entity formed by the National Basketball Association ("NBA").

At September 30, 2023 and December 31, 2022, the company, through its U.S. Holdco, had invested $30,000 in exchange for an equity interest in NBA Africa.

At September 30, 2023, the company estimated the fair value of its investment in NBA Africa to be $36,947 (December 31, 2022 - $39,219).

Trone Holdings

At September 30, 2023 and December 31, 2022, the company had invested $15,528 for a 22.0% equity interest in Trone Investment Holdings (UK) ("Trone Holdings"), a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At September 30, 2023, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $17,514 (December 31, 2022 - $17,506).

Helios Seven Rivers Fund

Helios Seven Rivers Fund Ltd. ("Seven Rivers") was incorporated in the Cayman Islands to focus primarily on investing in publicly traded financial instruments, including equities and credit, listed either on local African exchanges or non-African exchanges or traded OTC, in all cases, issued by entities that are domiciled in Africa or are expected to generate a significant share of the revenues or profits from African sources.

In April 2023, the company seeded this new strategy by contributing its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, in exchange for a 93.7% equity interest in Seven Rivers.

At September 30, 2023, the fair value of the company's investment in Seven Rivers was $30,983.

Helios Sports and Entertainment Group

Helios Sports and Entertainment Group Ltd. ("HSEG") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of the company. HSEG is an investment holding company, which invests in companies, businesses and opportunities in the sports and entertainment sector in Africa. On April 14, 2023, Helios Sports and Entertainment Holdings Ltd. ("HSEH") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of HSEG. On June 23, 2023, the company seeded this new strategy by investing cash of $6,000 in exchange for shares in HSEG, which provided a non-interest bearing loan of $4,000 to HSEH, repayable on demand.

On June 8, 2023, the company, through HSEG and HSEH, subscribed for a 25% equity interest in Zaria Group Limited ("Zaria", formerly Cooper Limited) for no consideration and made a maximum financial commitment of $12,000 to Zaria. Zaria was incorporated in Guernsey on April 17, 2023 for the purposes of acquiring, owning, developing, investing in, and operating development sites for mixed-use sports, recreation and entertainment properties in the major urban centers in Africa. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the "Zaria Loan", formerly the "Cooper Loan"), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033.

At September 30, 2023, the company had invested $6,000 and has a 100% equity interest in HSEG. At September 30, 2023, the fair value of the company's investment in HSEG was $6,124.

Indirect equity interest in AGH

At August 28, 2023 and December 31, 2022, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP was the largest beneficial shareholder of AFGRI Holdings Proprietary Limited ("AFGRI Holdings"), a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies.

On July 28, 2023, the company entered into a Sale and Purchase Agreement whereby it agreed to sell a portion of its investment in Joseph Holdings (comprised of 158,429,106 Ordinary Shares, 26,363,011 Class A Shares of Joseph Holdings, and the shareholder loan) for an aggregate consideration of $14,000 (the "Tranche 1 Sale and Purchase"). On August 29, 2023, the Tranche 1 Sale and Purchase was completed and the company received the payment of sale proceeds of $14,000 in full. For the nine months ended September 30, 2023, the company recognized a net gain on investments of $1,143, comprised of a realized loss of $52,882 offset by a change in unrealized gain of $54,025, and a net foreign exchange loss of $1,944 within the consolidated statements of earnings (loss) and comprehensive income (loss) due to the Tranche 1 Sale and Purchase. Following the Tranche 1 Sale and Purchase, HFP has a 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH.

Pursuant to the terms of the Agreement and subject to the completion of the Tranche 1 Sale and Purchase, the company will sell its remaining investment in Joseph Holdings (comprised of its remaining interest in common shares and Class A shares of Joseph Holdings) for an aggregate consideration of $2,400 (the "Tranche 2 Sale and Purchase"). The Tranche 2 Sale and Purchase is subject to certain closing conditions and regulatory approvals and will close on the later of August 29, 2024 and the third Business Day following the date on which the Tranche 2 Sale and Purchase conditions are fulfilled or waived.

The Sale and Purchase Agreement contains an Anti-Embarrassment Clause, which outlines a provision for additional payments to the company in the event of a significant post-transaction value increase within the 24-month period commencing on August 29, 2023, triggered by specific types of share or asset disposal. The Sale and Purchase Agreement also contains a Claw Back Clause which represents a liability of up to $8,000 to the company, the payment of which is conditional upon material agreement terminations within the 24-month period commencing on August 29, 2023. Additionally, the Sale and Purchase Agreement includes an Indemnity clause establishing a liability related to certain ongoing claims, allowing the acquirer to potentially claim amounts under specified conditions within the 24-month period from July 28, 2023, which could result in a maximum liability of $16,400 to the company. The company has not attributed any value to these assets and liabilities, as management has assessed the probability of receipt or payment as a result of these clauses being triggered is remote and therefore the fair value of the asset and liabilities are nominal as at September 30, 2023. The Claw Back Clause and Indemnity Clause are not covered by the HFP Redemption Derivative as discussed later in this note.

At September 30, 2023, the company estimated the fair value of its 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH to be $2,400 (December 31, 2022 - $17,456).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

Philafrica Foods Proprietary Ltd.

At September 30, 2023 and December 31, 2022, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica Foods Proprietary Ltd. ("Philafrica"), a South African entity that owns and operates maize and wheat mills and animal feed factories. Philafrica is controlled by AGH through AGH's 60.0% equity interest.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of its investment in Philafrica common shares to be $4,400 (December 31, 2022 - $4,408).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later in this note.

Indirect equity interest in Nova Pioneer

Nova Pioneer Education Group ("Nova Pioneer") is a Pan-African independent school network offering preschool through secondary education for students from ages 2 through 19 and is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

At September 30, 2023 and December 31, 2022, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer").

At September 30, 2023, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $18,000 (December 31, 2022 - $25,468).

Loans

AFGRI International Facility

On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, to AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to a secured lending arrangement (the "AFGRI International Facility"). On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023 and the interest rate was increased to 13.25% per annum, increasing by 50 basis points ("bps") every 3-month interest period.

On March 8, 2023, the company received full repayment of the principal of $10,000 and accrued interest of $1,824 and derecognized the AFGRI International Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $nil and $201 (2022 – $366 and $1,225) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the AFGRI International Facility.

Philafrica Facility

At September 30, 2023 and December 31, 2022, the company had advanced $5,622 (98.0 million South African rand), net of a 2.0% raising fee, to Philafrica under a secured lending arrangement (the "Philafrica Facility"). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The repayment of the Philafrica Facility is subordinated against other third-party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of the Philafrica Facility to be $7,565 (December 31, 2022 - $7,346).

In the third quarter and first nine months of 2023, the company recorded interest income of $300 and $810 (2022 - $197 and $555) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Philafrica Facility.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later in this note.

CIG Loan

At December 31, 2022, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (the "CIG Loan"). The CIG Loan bears interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan is secured by CIG's pledge of its equity interests in Conlog Proprietary Limited ("Conlog"), a wholly-owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa.

On September 30, 2022, CIG signed a purchase and sale agreement (the "CIG PSA") whereby CIG would sell its shares in Conlog. The sale was completed in March 2023.

In the first quarter of 2023, the company received full repayment of the principal of $16,391 (300 million South African rand) and derecognized the CIG Loan. In the second quarter of 2023, the company received an interest payment of $1,030, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

Atlas Mara Facility

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022.

Event Horizon Loan

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) with Event Horizon Entertainment Limited, a leading live entertainment and content company based in the United Kingdom and focused on events and travel experiences that promote African culture (the "Event Horizon Loan"). The Event Horizon Loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, is unsecured and matured on January 31, 2023.

Effective February 1, 2023, the Event Horizon Loan agreement was amended. The maturity date was extended to November 30, 2023 and the interest rate was increased to reflect the 3-month SOFR reference rate plus a margin of 9.38%, with a floor rate of 12% and a ceiling rate of 16%. Interest will continue to be accrued and capitalized on a semi-annual basis. In addition, the loan was converted from pounds sterling to U.S. dollars and the loan facility was increased to $14,214. The additional loan facility of $4,944 was funded on April 6, 2023.

On September 1, 2023, the Event Horizon Loan agreement was amended to increase the loan facility to $18,714. All other terms of the loan facility remained the same. The additional loan facility of $4,500 was funded on September 5, 2023.

At September 30, 2023, the company estimated the fair value of the Event Horizon loan to be $20,228 (December 31, 2022 - $9,473).

In the third quarter and first nine months of 2023, the company recorded interest income of $619 and $1,470 (2022 - $204 and $267) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Event Horizon Loan.

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. Both facilities allow for multiple drawdowns. In 2022, drawdowns of $14,527 were funded for the Digital Ventures $40M Facility and drawdowns of $363 were funded for the Digital Ventures $1M Facility.

The Digital Ventures $40M Facility bears interest at a rate of 8% per annum, accrued and capitalized quarterly, is unsecured and matured on May 30, 2023. Effective June 1, 2023, the Digital Ventures $40M Facility was amended to extend the maturity date to June 1, 2024. All other terms of the facility remain unchanged.

The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037.

On June 23, 2023 and August 10, 2023, the company funded drawdowns of $200 and $500, respectively, on the Digital Ventures $40M Facility.

At September 30, 2023, the company's remaining capital commitments to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility were $24,773 and $637, respectively (December 31, 2022 - $25,473 and $637), which may be called at any time in accordance with the respective loan facility agreements.

At September 30, 2023, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $16,101 and $388 (December 31, 2022 - $14,956 and $371), respectively, including capitalized interest of $1,034 and $24 (December 31, 2022 - $429 and $7), respectively.

In the third quarter and first nine months of 2023, the company recorded interest income of $324 and $932 (2022 - $202 and $238) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $40M Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $6 and $17 (2022 - $3 and $4) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $1M Facility.

Bonds

Atlas Mara Bonds

At September 30, 2023, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds"). In addition, at June 16, 2022, the company had invested $20,000 in Atlas Mara bonds with a stated coupon of 7.5% per annum, payable semi-annually ("Atlas Mara 7.5% Bonds") (collectively, the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds are referred to as the "Atlas Mara Bonds"). The Atlas Mara 7.5% Bonds were secured by Atlas Mara's shares in the Union Bank of Nigeria ("UBN") and the Atlas Mara 11.0% Convertible Bonds are unsecured.

On June 17, 2022, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on the Atlas Mara 7.5% Bonds.

Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company no longer accrues interest on the Atlas Mara 11% Convertible Bonds effective December 28, 2020.

In the third quarter of 2023, the company received an interest payment of $643 on the Atlas Mara 11.0% Convertible Bonds, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

At September 30, 2023 and December 31, 2022, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil.

Related Party Loan, Derivatives and Guarantees

A summary of changes in the fair value of the company's related party loan for the third quarter and first nine months of 2023 and 2022 were as follows:

	Third quarter of 2023				
	Balance as of July 1	**Additions**	**Redemptions**	**Net gains**	**Balance as of September 30**
Related party loan:					
Fairfax Loan	**19,484**	**—**	**—**	**291**	**19,775**
Total related party loan	**19,484**	**—**	**—**	**291**	**19,775**

	Third quarter of 2022				
	Balance as of July 1	Additions	Redemptions	Net gains (losses)	Balance as of September 30
Related party loan:					
Fairfax Loan	19,707	51	—	—	19,758
Total related party loan	19,707	51	—	—	19,758

	First nine months of 2023				
	Balance as of January 1	Additions	Redemptions	Net gains	Balance as of September 30
Related party loan:					
Fairfax Loan	**19,030**	**—**	**—**	**745**	**19,775**
Total related party loan	**19,030**	**—**	**—**	**745**	**19,775**

	First nine months of 2022				
	Balance as of January 1	Additions	Redemptions	Net gains (losses)	Balance as of September 30
Related party loan:					
Fairfax Loan	19,608	150	—	—	19,758
Total related party loan	19,608	150	—	—	19,758

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023 (refer to note 13).

At September 30, 2023, the fair value of the Fairfax Loan was $19,775 (December 31, 2022 - $19,030).

A summary of changes in the fair value of the company's related party derivatives and guarantees for the third quarter and first nine months of 2023 and 2022 were as follows:

	Third quarter of 2023				
	Balance as of July 1	Additions	Redemptions	Net gains	Balance as of September 30
Related party derivatives and guarantees:					
HFP Redemption Derivative	**65,474**	**—**	**—**	**3,166**	**68,640**
Total related party derivatives and guarantees	**65,474**	**—**	**—**	**3,166**	**68,640**

	Third quarter of 2022				
	Balance as of July 1	Additions	Redemptions	Net gains (losses)	Balance as of September 30
Related party derivatives and guarantees:					
Atlas Mara Facility Guarantee	36,768	—	(33,424)	(3,344)	—
HFP Redemption Derivative	37,748	—	—	5,155	42,903
Total related party derivatives and guarantees	74,516	—	(33,424)	1,811	42,903

	First nine months of 2023				
	Balance as of January 1	Additions	Redemptions	Net gains	Balance as of September 30
Related party derivatives and guarantees:					
HFP Redemption Derivative	**62,136**	**—**	**—**	**6,504**	**68,640**
Total related party derivatives and guarantees	**62,136**	**—**	**—**	**6,504**	**68,640**

	First nine months of 2022				
	Balance as of January 1	**Additions**	**Redemptions**	**Net gains**	**Balance as of September 30**
Related party derivatives and guarantees:					
Atlas Mara Facility Guarantee	32,046	—	(33,424)	1,378	—
HFP Redemption Derivative	15,906	—	—	26,997	42,903
Total related party derivatives and guarantees	47,952	—	(33,424)	28,375	42,903

The company's related party derivatives and guarantees are as follows:

Atlas Mara Facility Guarantee

On July 10, 2020, the company entered into an agreement with Fairfax whereby Fairfax guaranteed all principal and interest obligations of Atlas Mara under the Atlas Mara Facility, giving rise to a guarantee (the "Atlas Mara Facility Guarantee"), which was recorded in Related party derivatives and guarantees within the consolidated balance sheet.

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022.

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7) the company entered into the HFP Redemption Derivative. At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600.

At September 30, 2023, the fair value of the HFP Redemption Derivative was $68,640 (December 31, 2022 - $62,136).

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	September 30, 2023				December 31, 2022			
	Quoted prices (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)[1]**	**Total fair value of assets**	**Quoted prices (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value of assets**
Cash and cash equivalents	**116,238**	**—**	**—**	**116,238**	125,241	—	—	125,241
	116,238	**—**	**—**	**116,238**	125,241	—	—	125,241
Portfolio Investments:								
Limited partnership investments	**—**	**—**	**284,950**	**284,950**	—	—	259,183	259,183
Common shares	**—**	**30,983**	**85,603**	**116,586**	16,595	—	104,729	121,324
Loans	**—**	**—**	**44,282**	**44,282**	—	—	61,447	61,447
Total Portfolio Investments	**—**	**30,983**	**414,835**	**445,818**	16,595	—	425,359	441,954
Related party derivatives and guarantees	**—**	**—**	**68,640**	**68,640**	—	—	62,136	62,136
Related party loan	**—**	**—**	**19,775**	**19,775**	—	—	19,030	19,030
Total cash and investments	**116,238**	**30,983**	**503,250**	**650,471**	141,836	—	506,525	648,361
	17.9%	**4.8%**	**77.4%**	**100.0%**	21.9%	—%	78.1%	100.0%

The fair values of HFP's Portfolio Investments categorized within Level 3 of the fair value hierarchy and related party derivatives, guarantees and loans cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models determined quarterly. Market observable inputs are used where possible, with unobservable inputs used where necessary.

Estimates and judgments for Private Portfolio Investments and Related Party Loan, Derivatives and Guarantees are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company utilizes valuation personnel from Helios to assist with the valuation of its investment portfolio. Detailed valuations are performed for those financial instruments that are priced internally, while external pricing received from independent pricing service providers are evaluated by the company for reasonableness. The company's Chief Financial Officer oversees the valuation function and regularly reviews valuation processes and results, including at each quarterly reporting period. Significant valuation matters, particularly those requiring extensive judgment, are communicated to the company's Valuation Committee. The Valuation Committee consists of members who are knowledgeable and experienced in the fair value techniques for the Portfolio Investments held by the company. The Valuation Committee provides administration and oversight of the company's valuation policies and procedures and is responsible for reviewing and approving the valuation results every quarter.

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. The company's investment in Seven Rivers was classified as Level 2. During the first nine months of 2022 there were no transfers of financial instruments between Level 1 and Level 2 and there were no transfers of financial instruments into or out of Level 3 as a result of changes in the observability of valuation inputs. The changes in fair value of the company's Private Portfolio Investments (classified as Level 2 and 3) are disclosed in note 5.

The tables that follow describe the valuation technique and significant unobservable inputs and illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation model for its financial instruments classified as Level 3 at September 30, 2023. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the return on various equity indices, management's knowledge of the applicable equity markets and the potential impact of changes in interest rates. The reasonably possible ranges of discount rates reflect increased market volatility due to the rising inflation, elevated oil and commodity prices, and interest rate hikes. The range also reflects the additional uncertainty in determining recoverability, market multiples and the discounted cash flows for assessing the fair values of Private Portfolio Investments and related party derivatives and guarantees.

Investments	Valuation technique	Significant unobservable inputs[(1)]	Inputs at September 30, 2023	Inputs at December 31, 2022	Relationship of unobservable inputs to fair value
Limited partnership investments					
TopCo LP Class A Limited Partnership Interest	Discounted cash flow and net asset value	Discount rate	30.0% to 34.0%	25.8% to 31.8%	Increases (decreases) in discount rates (decrease) increase fair value
		Target exit dates	2023-2028	2023-2028	Increases (decreases) in target exit dates (decrease) increase fair value
		Exit multiple of invested capital	2.2x to 3.2x	2.4x to 3.0x	Increases (decreases) in exit multiples increase (decrease) fair value
TopCo LP Class B Limited Partnership Interest	Discounted cash flow	Discount rate	16.9%	15.8%	Increases (decreases) in discount rates (decrease) increase fair value
		Growth in assets under management	25.1%	24.6%	Increases (decreases) in growth in assets under management increase (decrease) fair value
		Long term pre-tax profit margin	43.0%	42.2%	Increases (decreases) in long term pre-tax profit margin increase (decrease) fair value
		Long term growth rate	4.5%	4.5%	Increases (decreases) in growth rates increase (decrease) fair value
Common shares					
Trone	Market multiples	Multiples of EBITDA	9.0x	9.0x	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
NBA Africa	Discounted cash flow	After-tax discount rate	15.9%	14.5%	Increases (decreases) in discount rates (decrease) increase fair value
		Terminal revenue multiple	7.0x	7.0x	Increases (decreases) in terminal revenue multiple increase (decrease) fair value
Helios Sports and Entertainment Group	Discounted cash flow and net asset value	Discount rate	12.4%	N/A	Increases (decreases) in discount rates (decrease) increase fair value
Indirect equity interest in Nova Pioneer[(2)]	Market multiples	Multiples of revenue	1.6x	N/A	Increases (decreases) in multiples of revenue increase (decrease) fair value
Derivatives					
HFP Redemption Derivative	Discounted cash flow and option pricing model	Discount rate	12.4%	11.3%	Increases (decreases) in discount rates (decrease) increase fair value

(1) Discount rates are subject to a mitigating factor: increases (decreases) in discount rates may be accompanied by increases (decreases) in free cash flows that may offset changes in fair value resulting from changes in discount rates. Exit multiples of invested capital and growth in assets under management are subject to a mitigating factor: increases (decreases) in exit multiples of invested capital and growth in assets under management may be accompanied by increases (decreases) in discount rates that may offset changes in fair value resulting from changes in exit multiples of invested capital and growth in assets under management.

(2) The investment was valued using a discounted cash flow analysis at December 31, 2022. At June 30, 2023, the valuation technique was changed from a discounted cash flow analysis to revenue multiples as it is more indicative of the fair value of the investment.

	September 30, 2023					
Investments	**Fair value of Investment**	**Valuation technique**	**Significant unobservable inputs**	**Sensitivity Factor**	**Hypothetical $ change effect on fair value measurement**	**Hypothetical $ change effect on net earnings (loss)[(1)]**
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	$91,894	Discounted cash flow and net asset value	Discount rate	Increase/(decrease) 200 bps	(2,526) / 2,666	(2,191) / 2,313
			Target exit dates	Increase/(decrease) 1 year	(26,064) / 29,687	(22,610) / 25,754
			Exit multiple of invested capital	Increase/(decrease) 5%	8,297 / (7,966)	7,198 / (6,910)
TopCo LP Class B Limited Partnership Interest	$146,975	Discounted cash flow	Discount rate	Increase/(decrease) 150 bps	(19,447) / 25,063	(16,870) / 21,742
			Growth in assets under management	Implied CAGR of committed capital of 23.4% to 26.6%	15,784 / (15,784)	13,692 / (13,692)
			Long term pre-tax profit margin	Increase/(decrease) 100 bps	2,070 / (2,070)	1,796 / (1,796)
			Long term growth rate	Increase/(decrease) 50 bps	3,752 / (3,461)	3,255 / (3,002)
Common shares						
Trone	$17,514	Market multiples	Multiples of EBITDA	Increase/(decrease) 0.5x	1,458 / (1,458)	1,264 / (1,264)
NBA Africa	$36,947	Discounted cash flow	After-tax discount rate	Increase/(decrease) 100 bps	(2,688) / 2,912	(2,332) / 2,527
			Terminal revenue multiple	Increase/(decrease) 0.5x	2,761 / (2,761)	2,395 / (2,395)
Helios Sports and Entertainment Group	$6,124	Discounted cash flow and net asset value	Discount rate	Increase/(decrease) 200 bps	(458) / 554	(397) / 481
Indirect equity interest in Nova Pioneer	$18,000	Market multiples	Multiples of revenue	Increase/(decrease) 0.5x	5,460 / (5,460)	4,736 / (4,736)
Related party derivatives and guarantees:						
HFP Redemption Derivative	$68,640	Discounted cash flow and option pricing model	Discount rate	Increase/(decrease) 200 bps	(916) / 929	(795) / 806

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Investments	Fair value of Investment	Valuation technique	Significant unobservable inputs	Sensitivity Factor	Hypothetical $ change effect on fair value measurement	Hypothetical $ change effect on net earnings (loss)[(1)]
	December 31, 2022					
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	$76,823	Discounted cash flow and net asset value	Discount rate	Increase/(decrease) 200 bps	(2,650) / 2,814	(2,299) / 2,441
			Target exit dates	Increase/(decrease) 1 year	(20,459) / 23,343	(17,748) / 20,250
			Exit multiple of invested capital	Increase/(decrease) 5%	7,587 / (8,120)	6,582 / (7,044)
TopCo LP Class B Limited Partnership Interest	$148,575	Discounted cash flow	Discount rate	Increase/(decrease) 150 bps	(21,444) / 28,302	(18,603) / 24,552
			Growth in assets under management	Implied CAGR of committed capital of 23.0% to 26.1%	31,288 / (31,288)	27,143 / (27,143)
			Long term pre-tax profit margin	Increase/(decrease) 100 bps	2,121 / (2,121)	1,840 / (1,840)
			Long term growth rate	Increase/(decrease) 50 bps	4,133 / (3,784)	3,585 / (3,282)
Common shares						
Trone	$17,506	Market multiples	Multiples of EBITDA	Increase/(decrease) 0.5x	1,360 / (1,360)	1,180 / (1,180)
NBA Africa	$39,219	Discounted cash flow	After-tax discount rate	Increase/(decrease) 100 bps	(2,965) / 3,236	(2,572) / 2,807
			Terminal revenue multiple	Increase/(decrease) 0.5x	2,757 / (2,757)	2,392 / (2,392)
Indirect equity interest in Nova Pioneer	$25,468	Discounted cash flow	After-tax discount rate	Increase/(decrease) 100 bps	(4,492) / 5,711	(3,897) / 4,954
			Long-term growth rate	Increase/(decrease) 50 bps	1,357 / (1,210)	1,177 / (1,050)
Related party derivatives and guarantees:						
HFP Redemption Derivative	$62,136	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	Increase/(decrease) 10%	(2,921) / 2,921	(2,534) / 2,534

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment of the investment. For expected future cash flows which were probability-weighted, risk premiums commensurate with the risks inherent in the expected cash flows were applied.

Target exit date for an underlying portfolio investment is the timing of the fund's expected disposition of the investment.

Exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit.

Growth in assets under management represents the compound annual growth rate in fee-bearing capital over eight years from $1.1 billion at September 30, 2023 to $8.2 billion (December 31, 2022 - $1.4 billion to $8.0 billion), before taking into account probability weightings. Growth in assets under management is expected to be achieved through raising capital for future Africa-focused private funds of new strategies, permanent capital vehicles and follow-on private funds of both current and new strategies. A forecasting period of eight years was used due to the inherent long-term nature of Africa-focused private funds, which require additional time to fundraise, deploy capital and prepare investments for exit.

Long term pre-tax profit margins were estimated by Helios' management based on pre-tax management fee-related earnings margins. Pre-tax profit margins are forecasted to increase over an eight-year period driven primarily by growth in assets under management and operating leverage. Fee-related earnings on future fundraising initiatives were probability weighted, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.

Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

Multiples of EBITDA were based on the expected valuation contribution of a certain business unit to the investee as a whole and were assessed with reference to peer comparative multiples.

The table that follows illustrates the potential impact on net earnings (loss) of changes in expected recovery rates derived from collateral value and expected timing and proceeds from planned asset sales in the company's expected recovery model for certain loans and bonds classified as Level 3 at September 30, 2023. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the underlying assets.

	Expected recovery at		Fair value of investment at		Hypothetical $ change effect on fair value measurement(1)		Hypothetical $ change effect on net earnings (loss) (1)(2)	
Investments	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**
Bonds:								
Atlas Mara 11.0% Convertible Bonds	—%	—%	$—	$—	999 / -	999 / -	867 / -	867 / -

(1) The impact on the expected recovery model from changes in expected recovery rates disclosed in the above table shows the hypothetical increase (decrease) in net earnings (loss). Changes in expected recovery rate (5.0%, to a maximum of 100% expected recovery and a minimum of nil expected recovery) would hypothetically change the fair value of the company's investment as noted in the table above. An increase (decrease) in expected recovery rate would result in a higher (lower) fair value of the company's Private Portfolio Investments classified as Level 3 in the fair value hierarchy.

(2) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

The following investments have been excluded from the sensitivity analysis above as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis for the investment in certain limited partnership interests and common shares or in the case of the investment in loans, the impact of the sensitivity analysis is not significant.

	Valuation technique at		Fair value of investment at
Investments	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**
Limited partnership investments:			
Helios Fund IV limited partnership interest	Adjusted net asset value	Adjusted net asset value	$46,081
Common shares:			
Indirect equity interest in AGH	Transaction price	Offer price	$2,400
Philafrica	Transaction price	Offer price	$4,400
Loans:			
Philafrica Facility	Transaction price	Offer price	$7,565
Event Horizon Loan	Transaction price	Initial transaction price	$20,228
Digital Ventures $40M Facility	Discounted cash flow	Initial transaction price	$16,101
Digital Ventures $1M Facility	Discounted cash flow	Initial transaction price	$388
Fairfax Loan	Discounted cash flow	Discounted cash flow	$19,775

Investment Income

An analysis of investment income for the three and nine months ended September 30 is summarized in the table that follows:

	Third quarter		First nine months	
	2023	2022	**2023**	2022
Interest:				
Cash and cash equivalents	**1,462**	445	**4,382**	737
Limited partnership investments	**—**	240	**—**	240
Loans	**1,249**	1,042	**4,500**	2,496
Bonds	**643**	—	**643**	3,370
	3,354	1,727	**9,525**	6,843
Dividends: Common shares	**—**	160	**208**	950

Net gains (losses) on investments and net foreign exchange gains (losses)

	Third quarter	
	2023	2022
	Net gains (losses)	Net gains (losses)
Net gains (losses) on investments:		
Limited partnership investments	**(3,124)**	(5,550)
Common shares	**(617)**	(7,241)
Loans	**297**	(722)
Related party derivatives and guarantees	**3,166**	1,811
	(278)	(11,702)
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**3**	(968)
Common shares	**59**	(7,763)
Loans	**8**	(2,995)
Other	**1**	(10)
	71	(11,736)
Net gains (losses) on investments	**(207)**	(23,438)

	First nine months	
	2023	2022
	Net gains (losses)	Net gains (losses)
Net gains (losses) on investments:		
Limited partnership investments	**16,325**	(34,306)
Common shares	**(7,490)**	(35,541)
Loans	**246**	(2,003)
Bonds	**—**	(28)
Related party derivatives and guarantees	**6,504**	28,375
	15,585	(43,503)
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**(810)**	(1,116)
Common shares	**(3,137)**	(9,292)
Loans	**(1,745)**	(3,989)
Other	**60**	(186)
	(5,632)	(14,583)
Net gains (losses) on investments	**9,953**	(58,086)

7. Borrowings

	September 30, 2023			September 30, 2022		
	Principal	**Carrying value**	**Fair value**	Principal	Carrying value	Fair value
HFP 3.0% Debentures (host instrument) due March 31, 2024	**100,000**	**99,686**	**95,498**	100,000	99,076	88,899

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in 3.0% unsecured debentures of HFP (the "HFP 3.0% Debentures") and 3,000,000 warrants (the "HFP Warrants"). The Warrants are exercisable for one subordinate voting share of HFP, have an exercise price of $4.90 and are exercisable at any time prior to March 31, 2026. The HFP Warrants include anti-dilution features, which may increase or decrease the total number of subordinate voting shares issuable per HFP Warrant, in the event that certain share transactions are undertaken by the company which may increase or decrease the company's outstanding subordinate voting shares. The net proceeds from the HFP 3.0% Debentures will be or have been used primarily to invest in Portfolio Investments. The HFP 3.0% Debentures mature on March 31, 2024. At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600.

The company determined that the variability of cash flows arising from the redemption price, either on maturity or upon Fairfax's exercise of its put option, held economic characteristics and risks which were not closely related to the debt instrument and reflected those of a separate derivative financial instrument. Furthermore, Fairfax's put option and the adjustment to the redemption amount are both linked to the Reference Investments, and the exercise of Fairfax's put option and the adjustment to the redemption amount are not mutually exclusive. Accordingly, at inception, the company recorded the embedded derivative, inclusive of Fairfax's put option (the "HFP Redemption Derivative"), as a derivative financial instrument under Related party derivatives and guarantees within the consolidated balance sheet, separately from the host debt instrument (the "HFP Host Debentures") recorded in borrowings within the consolidated balance sheets. The company did not elect to irrevocably designate the entire hybrid contract as measured at fair value through profit or loss.

Interest Expense

During the third quarter and first nine months of 2023, the company recorded interest expense of $913 and $2,704 related to interest on the HFP 3.0% Debentures (2022 - $906 and $2,688).

Revolving Credit Facility

On March 3, 2022, the company closed a $70,000 secured revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the "RMB Facility"), bearing interest at a rate of the compound reference rate plus 6.88%, payable quarterly. In addition, the company will pay a standby fee of 2.41% of the unused portion of the credit facility, payable quarterly.

During the third quarter and first nine months of 2023, the company had incurred $426 and $1,278 (2022 - $431 and $988) in standby fees, which were included in general and administrative expenses as an administrative expense.

The RMB Facility matures on March 3, 2027. The RMB Facility is collateralized by the company's rights, title and interests in the securities held in the Mauritius Sub and SA Sub, as well as Mauritius Sub's bank accounts and its receivables.

Under the terms of the RMB Facility, the company is required to maintain an asset cover ratio, being the ratio of total cash and cash equivalents plus the fair value of Portfolio Investments (excluding the fair value of the TopCo Limited Partnership Interests) to total borrowings, an asset cover ratio (listed), being the ratio of total cash and cash equivalents plus the fair value of listed Portfolio Investments to total borrowings, and an adjusted tangible net worth of at least $350,000, being the total equity of the Company less 75% of the fair value of the TopCo Limited Partnership Interests. At September 30, 2023, the RMB Facility was undrawn, and the company was in compliance with the covenants of the RMB Facility.

8. Common Shareholders' Equity

Authorized Capital

The company's authorized share capital consists of: (i) an unlimited number of multiple voting shares that may only be issued to Fairfax, Principal Holdco, and certain of their respective subsidiaries and affiliates and are not publicly traded; (ii) an unlimited number of subordinate voting shares, which are publicly traded; and (iii) an unlimited number of preference shares, issuable in series. Except as provided in any special rights or restrictions attaching to any series of preference shares issued from time to time, the preference shares will not be entitled to vote at any meeting of the shareholders of the company.

Issued Capital

Issued capital at September 30, 2023 included 55,452,865 (December 31, 2022 – 55,452,865) multiple voting shares and 52,811,168 (December 31, 2022 – 52,741,106) subordinate voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. At September 30, 2023 and December 31, 2022 there were no preference shares outstanding.

Principal Holdco and its subsidiaries and affiliates may not, without the prior written consent of Fairfax and the approval of Board of Directors by simple majority approval, transfer any of their shares in the company prior to the earlier of December 8, 2025 or upon termination of the Investment Advisory Agreement. In the event Fairfax transfers shares, Principal Holdco and its affiliates may transfer an equal proportion of their shares without the prior written consent of Fairfax or the Board of Directors.

Fairfax, through its subsidiaries and affiliates, and Principal Holdco own all the issued and outstanding multiple voting shares, which are not publicly traded.

Common Stock

The number of shares outstanding was as follows:

	2023	2022
Subordinate voting shares - January 1	**52,741,106**	52,806,780
Issuance of shares	**142,338**	23,102
Purchases for cancellation	**(72,276)**	(88,776)
Subordinate voting shares - September 30	**52,811,168**	52,741,106
Multiple voting shares - beginning and end of period	**55,452,865**	55,452,865
Common shares effectively outstanding - September 30	**108,264,033**	108,193,971

Purchase of Shares

As of June 23, 2023, the company is entitled, subject to compliance with applicable corporate and securities laws, to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first nine months of 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 72,276 subordinate voting shares (2022 - 88,776 subordinate voting shares) for a net cost of $211 (2022 - $305) and $375 (2022 - $417) was recorded as a benefit in retained earnings.

Automatic Share Purchase Plan

On September 25, 2023, in connection with the normal course issuer bid, the company gave instructions under its automatic share purchase plan with a designated broker to allow for the purchase of subordinated voting shares at times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on parameters established by the company prior to commencement of the applicable trading black-out period.

Subsequent to September 30, 2023

Subsequent to September 30, 2023, under the terms of the automatic share purchase plan in place for the normal course issuer bid, 38,173 subordinate voting shares were purchased on behalf of the company for a net cost of $106.

Warrants

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (refer to note 7). At inception, the company determined that the fair value of the HFP Warrants issued was $5,557 which was recorded in warrants within common shareholders' equity.

Dividends

The company adopted a policy to provide for an annual dividend with respect to the subordinate voting shares and the multiple voting shares of an amount sufficient to produce a non-cumulative and non-accruing 2.0% dividend yield per share (the "Dividend Policy"), calculated based on the average closing market price of the subordinate voting shares on each trading day of the last fiscal quarter for the prior fiscal year. The declaration of any dividends is conditional upon assets exceeding the aggregate of liabilities and stated capital of multiple voting shares and subordinate voting shares after such declaration and will be determined by the Board of Directors in its sole discretion. The company did not pay any dividends on its outstanding multiple and subordinate voting shares during the first nine months of 2023 and 2022.

Capital Contributions

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (refer to note 7). At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600. At inception, the difference of $18,107 between the total net fair value of the financial instruments issued (HFP 3.0% Debentures - $98,200; HFP Warrants - $5,557) and received (HFP Redemption Derivative - ($21,864)) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity, in line with the company's accounting policy on related party transactions.

Reduction of Stated Capital

On May 11, 2023, the company's shareholders approved at the company's annual general meeting a reduction of the stated capital of the company's multiple voting shares by $179,550 and subordinate voting shares by $179,550, effective May 31, 2023. The reduction of stated capital reduced common stock by $359,100, increased contributed surplus by $359,100 and did not result in any change to total equity.

9. Share-Based Incentive Plans

Special Incentive Plan

Under the Special Incentive Plan, on December 8, 2020, 2,505,637 options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners or consultants of the Manager (the "SIP Recipients"). Options issued under the SIP vested immediately on grant date and have an exercise price of $3.99 per share and maturity date of December 8, 2030. Since December 8, 2020, certain options issued under the SIP have been reallocated to additional SIP participants. These reallocated options vested immediately on grant date and mature on March 3, 2031 and September 19, 2032. The options may also be exercised by way of a cashless exercise, at the participant's option, where the company will issue shares equivalent to the amount by which the aggregate fair market value of the shares at time of exercise exceed the exercise price, less any applicable withholding taxes.

The company estimated the fair value of the options granted under the SIP using a Black-Scholes option pricing model that incorporated the following range of assumptions:

Underlying share price	$2.86 - $4.09
Exercise price	$2.63 - $4.45
Expected volatility	45.8 %
Risk-free interest rate	1.3% - 5.0%
Expected life	10 years
Black-Scholes factor	1.9 - 2.7

Expected volatility was determined based on daily historical volatility of HFPC.U since initial public offering on February 17, 2017.

Long-Term Incentive Plan

On April 20, 2022, the company's Long-Term Incentive Plan was approved at the annual and special meeting of shareholders. The LTIP allows the company's Board of Directors or the Governance, Compensation and Nominating Committee to grant long-term incentives to (i) directors, officers and employees of the company and its affiliates; (ii) certain consultants and service providers, including consultants and other persons that provide services to the company and its affiliates or any partnership or other entity in which the company or any of its affiliates has made an investment; and (iii) employees and members of the Manager or an affiliate thereof that provides services to the Portfolio Advisor or any related entity of the Portfolio Advisor for the benefit of the company. Awards granted under the LTIP may consist of options, restricted shares, stock appreciation rights, restricted share units, deferred share units or performance share units. Each award will be subject to the terms and conditions set forth in the LTIP and to those other terms and conditions specified by the company's Governance, Compensation and Nominating Committee.

On May 13, 2022, 484,265 restricted share units with a cost per unit of $3.33 were granted to certain directors and officers of the company. The cost per unit was determined based solely on the 5-day volume-weighted average price on the date of grant. The restricted share units vest according to a time-based vesting schedule over a period of three to five years. The time-based vesting schedule varies by participant. No additional grants were made in the first nine months of 2023.
During the first nine months of 2023, under the terms of the LTIP, 142,338 restricted share units vested (2022 - 23,102 restricted share units) and 142,338 subordinate voting shares (2022 - 23,102 subordinate voting shares) were issued at a cost of $473 (2022 - $72).

For the third quarter and first nine months of 2023, the company recorded share-based compensation expense of $98 and $341 (2022 - $97 and $215) within the consolidated statements of earnings (loss) and comprehensive earnings (loss).

10. Net Earnings (Loss) per Share

Net earnings (loss) per common share is calculated in the following table based on the weighted average common shares outstanding:

	Third quarter		First nine months	
	2023	2022	**2023**	2022
Net earnings (loss) - basic and diluted	**(1,814)**	(28,971)	**9,212**	(68,321)
Weighted average shares outstanding - basic	**108,296,706**	108,193,971	**108,273,211**	108,193,971
Weighted average shares outstanding - diluted	**108,296,706**	108,193,971	**108,618,397**	108,193,971
Net earnings (loss) per basic share	**$ (0.02)**	$ (0.27)	**$ 0.09**	$ (0.63)
Net earnings (loss) per diluted share	**$ (0.02)**	$ (0.27)	**$ 0.08**	$ (0.63)

At September 30, 2023 and 2022, there were no contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP. Under the Investment Advisory Agreement, the performance fee for the first calculation period, if applicable, will be payable after December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

At September 30, 2023 and for the third quarter of 2023, there were 250,000 potential subordinate voting shares issuable relating to the Special Incentive Plan (refer to note 9) and 318,825 potential subordinate voting shares issuable relating to the Long-Term Incentive Plan (refer to note 9), all of which were excluded from the calculation of diluted weighted average common shares outstanding for the third quarter of 2023 because their effect would have been anti-dilutive.

At September 30, 2023 and for the first nine months of 2023, there were 250,000 potential subordinate voting shares issuable relating to the Special Incentive Plan (refer to note 9), of which 26,361 were dilutive, and 318,825 potential subordinate voting shares issuable relating to the Long-Term Incentive Plan (refer to note 9), all of which were dilutive.

At September 30, 2023 and for the third quarter and first nine months of 2023, there were no potential subordinate voting shares issuable relating to the HFP Warrants (refer to note 7) because the HFP Warrants were out of the money.

At September 30, 2022 there were no potential subordinate voting shares issuable relating to the Special Incentive Plan because the options issued under the Special Incentive Plan were out of the money, and no potential subordinate voting shares issuable relating to the HFP Warrants because the HFP Warrants were out of the money.

11. Income Taxes

The company's provision for (recovery of) income taxes for the third quarter and first nine months of 2023 is summarized in the following table:

	Third quarter		First nine months	
	2023	2022	**2023**	2022
Current income tax:				
Current year recovery	**512**	5,240	**(1,486)**	5,030
Adjustment to prior years' income taxes	**(1)**	(1)	**(601)**	38
	511	5,239	**(2,087)**	5,068
Deferred income tax:				
Origination and reversal of temporary differences	**(18)**	(2,192)	**(1,675)**	(758)
Adjustments to prior years' deferred income taxes	**1**	—	**513**	15
	(17)	(2,192)	**(1,162)**	(743)
Provision for (recovery of) income taxes	**494**	3,047	**(3,249)**	4,325

A portion of the company's earnings (loss) before income taxes is earned or incurred outside of Canada. The statutory income tax rates for jurisdictions outside of Canada generally differ from the Canadian statutory income tax rate (and may be significantly higher or lower).

A reconciliation of the income taxes calculated at the Canadian statutory income tax rate to the provision for (recovery of) income taxes at the effective tax rate in the consolidated financial statements for the third quarter and first nine months of 2023 are summarized in the following table:

	Third quarter		First nine months	
	2023	2022	**2023**	2022
Canadian statutory income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Provision for (recovery of) income taxes at the Canadian statutory income tax rate	**(349)**	(6,869)	**1,581**	(16,958)
Non-taxable losses (gains) on investments	**(57)**	1,854	**(1,193)**	2,995
Tax rate differential on earnings incurred outside of Canada	**502**	4,451	**1,358**	17,586
Provision (recovery) relating to prior years	**—**	(23)	**(88)**	31
Unused tax losses	**—**	(240)	**(471)**	(327)
Change in unrecorded tax benefit of losses and temporary differences	**(998)**	(3,042)	**(3,316)**	(7,334)
Realized gains and foreign exchange effect	**1,373**	6,489	**(782)**	7,943
Other, including permanent differences	**23**	427	**(338)**	389
Provision for (recovery of) income taxes	**494**	3,047	**(3,249)**	4,325

Non-taxable losses (gains) on investments of $(57) in the third quarter of 2023 principally reflected the non-taxable portion of unrealized losses (gains) on investments in TopCo LP and Helios Fund IV of $332 and the non-taxable portion of unrealized losses (gains) on other investments of $(389). Non-taxable losses (gains) on investments of $(1,193) in the first nine months of 2023 principally reflected the non-taxable portion of unrealized losses (gains) on investments in TopCo LP and Helios Fund IV of $(2,025) and the non-taxable portion of unrealized losses (gains) on other investments of $832. Non-taxable losses on investments of $1,854 in the third quarter of 2022 principally reflected the non-taxable portion of unrealized losses on investments in TopCo LP and Helios Fund IV of $2,987 and the non-taxable portion of unrealized gains on other investments of $(1,133). Non-taxable losses on investments of $2,995 in the first nine months of 2022 principally reflected the non-taxable portion of unrealized losses on investments in TopCo LP and Helios Fund IV of $7,706, and the non-taxable portion of unrealized gains on other investments of and $(4,711).

Tax rate differential on earnings and losses incurred outside of Canada of $502 and $1,358 in the third quarter and first nine months of 2023 (2022 - $4,451 and $17,586) principally reflected the tax impact of foreign accrual property income and losses, foreign accrual capital losses, and net investment losses taxed at different rates in jurisdictions outside of Canada.

Provision (recovery) relating to prior years of $nil and $(88) in the third quarter and first nine months of 2023 principally reflected adjustments for taxable income allocations from TopCo LP and Helios Fund IV Limited Partnership, prior year reassessments related to losses carried back, and foreign taxes paid. Provision (recovery) relating to prior years of $(23) and $31 in the third quarter and first nine months of 2022 principally reflected adjustments for taxable income allocations from TopCo LP and Helios Fund IV Limited Partnership, capitalized professional fees and foreign taxes paid.

Unused tax losses of $nil and $(471) in the third quarter and first nine months of 2023 reflected changes in the company's net capital loss arising from an intercompany transaction. Unused tax losses of $(240) and $(327) in the third quarter and first nine months of 2022 also reflected the company's net capital loss carryforward arising from an intercompany transaction and settlement of investments.

The change in unrecorded tax benefit of losses and temporary differences of $(998) in the third quarter of 2023 principally reflected the change in deferred tax assets and liabilities in foreign accrual capital losses of ($540); investment and other temporary timing differences of ($524) that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS; and deferred tax assets and liabilities in South Africa on investments of $66. The change in unrecorded tax benefit of losses and temporary differences of $(3,316) in the first nine months of 2023 principally reflected the change in deferred tax assets and liabilities in foreign accrual capital losses of $(67); investment and other temporary timing differences of $(2,195) that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS; and deferred tax assets and liabilities in South Africa on investments of $(1,054).

The change in unrecorded tax benefit of losses and temporary differences of $3,042 in the third quarter of 2022 principally reflected the change in deferred tax liabilities in foreign accrual capital losses of $1,252; investment and other temporary timing differences of $1,128 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS; and deferred tax liabilities in South Africa on investments of $662. The change in unrecorded tax benefit of losses and temporary differences of $7,334 in the first nine months of 2022 principally reflected the change in deferred tax liabilities in foreign accrual capital losses of $1,808; investment and other temporary timing differences of $988 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS; and deferred tax liabilities in South Africa on investments of $4,538.

Realized gains and foreign exchange effect of $1,373 and $(782) in the third quarter and first nine months of 2023 (2022 - $6,489 and $7,943) principally reflected settlement of investments and the impact of fluctuations in the value of the Canadian dollar relative to the U.S. dollar as the company computes its corporate tax liability in Canadian dollars pursuant to the requirements of Canadian tax authorities, whereas the functional currency of the company and its subsidiaries is U.S. dollar.

Other, including permanent differences of $23 and $(338) in the third quarter and first nine months of 2023 (2022 - $427 and $389) principally reflected non-deductible expenses.

12. Financial Risk Management

Overview

The company's activities expose it to certain financial risks during or at the end of the reporting period. There were no significant changes in the types of the company's risk exposures or the company's framework used to monitor, evaluate and manage the company's risk exposures at September 30, 2023 compared to those identified at December 31, 2022, except as described below.

Geopolitical Risks, Inflation, and Rising Interest Rates

Geopolitical conflicts ongoing around the world have disrupted global supply chains, particularly the energy and food markets, resulting in volatile energy and commodity prices. The global impacts of these conflicts have resulted in increasing inflation, causing central banks in major economies to raise interest rates. Rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations, and cash flows.

Market Risk

Market risk (comprised of foreign currency risk, interest rate risk and market price fluctuations) is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market price. The company is exposed to market risk principally in its investing activities and to the extent that those activities expose the company to foreign currency risk, interest rate risk, and market price fluctuations. The valuation of the company's investment portfolio is dependent upon the underlying performance of the companies within the portfolio, but may also be affected, along with other financial statement items, by fluctuations in foreign currency exchange rates, interest rates, and market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in exchange rates and as a result, could produce an adverse effect on net earnings and common shareholders' equity when measured in U.S. dollars, the company's functional currency.

The company has significant cash and cash equivalents and Portfolio Investments in South African rand and significant cash and cash equivalents in Canadian dollars. In addition, the company has cash and cash equivalents in Mauritian rupees and pounds sterling, for which the impact of currency fluctuations would be insignificant. At September 30, 2023, the company's direct exposure to South African rand decreased significantly compared to its exposure at December 31, 2022 due to the repayment of the CIG Loan, the sale of Other Common Shares, and the partial sale of the indirect equity investment in AGH (refer to note 5) and the company's exposure to pound sterling decreased significantly compared to its exposure at December 31, 2022 due to the conversion of the Event Horizon Loan to U.S. dollars (refer to note 5).

The company's common shareholders' equity and net earnings may be significantly affected by foreign currency movements resulting from the company's South African rand-denominated investments. The company is also indirectly exposed to the pound sterling, Egyptian pound, and South African rand through its investment in Seven Rivers, which has investments in those currencies. The company's investment in Seven Rivers may be significantly affected by foreign currency movements resulting from Seven Rivers' pound sterling, Egyptian pound, and South African rand-denominated investments.

At September 30, 2023 and December 31, 2022, the company's net foreign currency exposure was as follows:

	September 30, 2023	**December 31, 2022**
South African rand[(1)]	**25,208**	74,299
Pounds sterling[(1)]	**5,136**	9,582
Egyptian pounds[(1)]	**4,108**	—
Canadian dollars	**1,321**	964
Mauritian rupees	**155**	33

(1) The company is exposed to South African rand, pounds sterling, and Egyptian pounds through its investment in Seven Rivers, which owns investments denominated in these currencies. The impact of fluctuations in South African rand, pounds sterling, and Egyptian pounds for Seven Rivers' investments has been included in this table.

At September 30, 2023 and December 31, 2022, had the U.S. dollar strengthened or weakened by 5% or 10% relative to the currencies to which it has significant exposure with all other variables held constant, the net increase or decrease in net earnings) would have been as follows:

	September 30, 2023		December 31, 2022	
	Sensitivity factor	Hypothetical $ change effect on net earnings (loss)(1)	Sensitivity factor	Hypothetical $ change effect on net earnings (loss)(1)
South African rand(2)	Increase / (decrease) 5.0%	926 / (926)	Increase / (decrease) 5.0%	2,731 / (2,731)
	Increase / (decrease) 10.0%	1,853 / (1,853)	Increase / (decrease) 10.0%	5,461 / (5,461)
Pounds sterling(2)	Increase / (decrease) 5.0%	189 / (189)	Increase / (decrease) 5.0%	352 / (352)
	Increase / (decrease) 10.0%	378 / (378)	Increase / (decrease) 10.0%	704 / (704)
Canadian dollars	Increase / (decrease) 5.0%	49 / (49)	Increase / (decrease) 5.0%	35 / (35)
	Increase / (decrease) 10.0%	97 / (97)	Increase / (decrease) 10.0%	79 / (79)
Egyptian pounds(2)	Increase / (decrease) 5.0%	151 / (151)	Increase / (decrease) 5.0%	nil / (nil)
	Increase / (decrease) 10.0%	302 / (302)	Increase / (decrease) 10.0%	nil / (nil)

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(2) The company is exposed to South African rand, pounds sterling, and Egyptian pounds through its investment in Seven Rivers, which owns investments denominated in these currencies. The impact of fluctuations in South African rand, pounds sterling, and Egyptian pound for Seven Rivers' investments has been included in this table.

The company has not hedged its foreign currency risk. Certain shortcomings are inherent with this method of analysis, including the assumption that the hypothetical appreciation or depreciation of the South African rand, pound sterling, Canadian dollar, or Egyptian pound against the U.S. dollar occurred with all other variables held constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Typically, as interest rates rise, the fair values of fixed income investments decline and, conversely, as interest rates decline, the fair values of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates.

At September 30, 2023 the company held fixed income investments with a fair value of $64,057 (December 31, 2022 - $80,477). These investments are exposed to interest rate risk due to changes in market interest rates. The company has determined the impact of interest rate changes is not significant for these fixed income investments due to the short-term nature of the investments. Refer to note 6.

In addition, through the company's investments in HSEG and Seven Rivers (refer to note 5), the company is indirectly exposed to interest rate risk due to HSEG's investment in the Zaria Loan and Seven Rivers' investment in US treasury bills. The company has determined that the impact of interest rate changes is not significant for HSEG's investment in the Zaria Loan (refer to note 6). The company has determined that the impact of interest rate changes is not significant for Seven Rivers' investment in US treasury bills due to the short-term nature of the investments and the creditworthiness of the US government.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value of future cash flows of an equity investment, limited partnership investment, or related party derivative and guarantee will fluctuate due to changes in market prices (other than those arising from foreign currency risk and interest rate risk).

The company holds significant equity and limited partnership investments and a related party derivative and guarantee and is exposed to market price risk. The market value and the liquidity of these investments are volatile and may vary dramatically either up or down in short periods, and their ultimate value will therefore only be known over a period of time or on disposition. At September 30, 2023, the company had exposure to investments classified as Level 1 in the fair value hierarchy by virtue of its investment in Seven Rivers. At September 30, 2023, the hypothetical impact of a 10.0% increase or decrease in the fair value of Seven Rivers' investments classified as Level 1 in the fair value hierarchy, with all other variables held constant, would have resulted in a corresponding net increase or decrease in the company's investment in Seven Rivers of $1,912.

At December 31, 2022, the hypothetical impact of a 10.0% increase or decrease in the fair value of the company's investments classified as Level 1 in the fair value hierarchy, with all other variables held constant, would have resulted in a corresponding net increase or decrease in net earnings (loss) of $1,220. Refer to note 6 for the hypothetical impact on net earnings (loss) of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company and arises predominantly with respect to cash and cash equivalents, receivables, and investments in debt instruments.

Cash and Cash Equivalents

The company monitors risks associated with cash and cash equivalents by regularly reviewing the financial strength and creditworthiness of these financial institutions. From these reviews, the company may transfer balances from financial institutions where it perceives heightened credit risk to others considered to be more stable.

At September 30, 2023 the company's cash and cash equivalents of $116,238 (December 31, 2022 - $125,241) were comprised of $80,914 (December 31, 2022 - $104,910) at the holding company (principally in major Canadian financial institutions) and $35,324 (December 31, 2022 - $20,331) at the company's wholly-owned consolidated subsidiaries (principally in major South African and Mauritian financial institutions). In addition, through its investments in Seven Rivers and HSEG, the company has exposure to cash and cash equivalents of $16,310 (principally in major Cayman Island and Guernsey financial institutions).

Other Receivables from Related Parties

The company monitors risks associated with other receivables from related parties by regularly reviewing the financial strength and creditworthiness of these related parties and has determined that the credit risk associated with related parties is minimal.

At September 30, 2023 and December 31, 2022, the company's other receivables from related parties of $1,401 and $1,319 were comprised of receivables from TopCo LP (refer to note 13).

Other Assets

At September 30, 2023, the company's other assets of $2,094 (December 31, 2022 - $832) were primarily comprised of prepaid expenses and amounts receivable from Atlas Mara relating to the guarantee provided to TLG Credit Opportunities Fund ("TLG Capital") on Atlas Mara's facility with TLG Capital (the "TLG Facility"). At September 30, 2023, the company estimated the recoverable amount of its receivable from Atlas Mara to be $441 (December 31, 2022 - $587) based on amounts received and expected to be received from the UBN sale. Refer to note 14 for the company's valuation of the receivable from Atlas Mara.

Investments in Debt Instruments

The company's risk management strategy for debt instruments is to limit the amount of credit exposure with respect to any one corporate issuer. The company endeavours to limit credit exposure by monitoring fixed income portfolio limits on individual corporate issuers and limits based on credit quality.

The company assesses the creditworthiness of each new counterparty prior to entering into contracts. Management monitors credit risk from its Portfolio Investments in debt instruments through reviewing financial performance of its counterparties, collateral arrangements, diversification, and other credit risk mitigation techniques. Where appropriate, credit risk has been factored into the determination of fair value.

At September 30, 2023, the company had debt instruments with a fair value of $64,057 (December 31, 2022 - $80,477) that were subject to credit risk, representing 9.8% (December 31, 2022 - 12.4%) of the total cash and investments. In addition, through the investment in HSEG (refer to note 5), the company is exposed to credit risk due to HSEG's investment in the Zaria Loan, which matures on June 8, 2033.

The company's exposure to credit risk from its investments in fixed income securities decreased to $56,492 at September 30, 2023 from $73,131 at December 31, 2022 primarily as a result of full repayment of the CIG Loan and the AFGRI International Facility. The HFP Redemption Derivative limits the company's exposure to credit risk on its investments in the Philafrica Facility (refer to note 5). Investments in fixed income securities include the related party loan receivable from Fairfax (refer to note 5).

Loans and bonds are summarized by their earliest contractual maturity date in the table that follows. Actual maturities may differ from maturities shown below due to the existence of call and put features.

	September 30, 2023		December 31, 2022	
	Cost (1)	**Fair value**	**Cost (1)**	**Fair value**
Loans:				
Due in 1 year or less (2)	**65,115**	**63,669**	86,893	80,106
Due after 5 years	**388**	**388**	371	371
	65,503	**64,057**	87,264	80,477
Bonds:				
Due in 1 year or less (2)	**20,073**	**—**	20,073	—
	20,073	**—**	20,073	—

(1) Cost is comprised of fair value on initial recognition and capitalized interest.
(2) At September 30, 2023 and December 31, 2022, includes instruments for which the contractual maturity has passed but have not yet been repaid.

At September 30, 2023, loans with fair values of $7,565 and bonds with fair values of $nil (December 31, 2022 - $36,647 and $nil) contained call features. At September 30, 2023 and December 31, 2022, there were no debt instruments containing put features.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company manages liquidity risk by maintaining sufficient liquid assets and access to a loan facility to enable settlement of financial commitments on their respective due dates. All accounts payable and accrued liabilities are due within three months, and income taxes payable must be remitted to the respective tax jurisdictions as they are due.

Cash and cash equivalents and the RMB facility (refer to note 7) at September 30, 2023 provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to Helios Digital Ventures LP, Helios Fund IV, TopCo LP, and the Zaria Loan, interest expense on the HFP 3.0% Debentures, investment and advisory fees, general and administration expenses, corporate income taxes, a portion of the lease liability, and the settlement of the HFP 3.0% Debentures, net of the fair value of the HFP Redemption Derivative.

The following table presents the company's contractual obligations by their contractual maturity date:

	September 30, 2023					December 31, 2022	
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**	**Total**	**Less than 1 year**
HFP 3.0% Debenture - Principal repayment[(1)]	**100,000**	**100,000**	**—**	**—**	**—**	100,000	100,000
HFP 3.0% Debenture - Interest	**1,500**	**1,500**	**—**	**—**	**—**	750	750
Digital Ventures $40M Facility	**24,773**	**24,773**	**—**	**—**	**—**	25,473	25,473
Digital Ventures $1M Facility	**637**	**637**	**—**	**—**	**—**	637	637
Helios Fund IV Commitment	**16,553**	**16,553**	**—**	**—**	**—**	25,185	25,185
Zaria Loan Commitment	**8,000**	**8,000**	**—**	**—**	**—**	—	—
TopCo LP Management Team Commitment	**2,483**	**2,483**	**—**	**—**	**—**	3,778	3,778
Due to related parties	**849**	**849**	**—**	**—**	**—**	803	803
Accounts payable and accrued liabilities	**462**	**462**	**—**	**—**	**—**	218	218
Other liabilities	**549**	**88**	**147**	**115**	**199**	—	—
	155,806	**155,345**	**147**	**115**	**199**	156,844	156,844

(1) At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600. Fairfax did not exercise its option to redeem the HFP 3.0% Debenture on March 31, 2022, the first anniversary or March 31, 2023, the second anniversary. Refer to note 7.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required (refer to note 5). The company may also be subject to capital call obligations with respect to its TopCo LP Class A and Class B Limited Partnership Interests to cover its pro rata share of expenses incurred by TopCo LP and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP. The company may be subject to clawback and indemnity obligations with respect to the sale of a portion of its indirect equity interest in AGH, should certain clauses in the Sale and Purchase Agreement be triggered (refer to note 5).

Concentration Risk

The company's investments are primarily concentrated in Africa and in African businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment of African countries in which the company has investments. Adverse changes to the economic condition, interest rates or regulatory environment in those African countries may have a material adverse effect on the company's business, cash flows, financial condition and net earnings.

The composition of the company's Portfolio Investments by industry sector is presented in the following table:

	September 30, 2023	December 31, 2022
Asset management[(2)]	**238,869**	225,398
Food and agriculture	**14,365**	40,879
Financial services [(1)]	**36,624**	26,510
Education	**18,000**	25,468
Entertainment	**61,299**	48,692
Infrastructure	**8,641**	17,632
Retail and distribution [(1)]	**41,158**	33,685
Insurance [(1)]	**10,553**	7,095
Other	**16,309**	16,595
	445,818	441,954

(1) Helios Fund IV, Seven Rivers, and HSEG have been allocated to industry sectors based on underlying investment holdings.
(2) The returns of TopCo LP Class A Limited Partnership Interest and TopCo LP Class B Limited Partnership Interest are tied to the performance of Helios Holdings Group.

Capital Management

The company's objectives when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity and borrowings, was $653,340 at September 30, 2023 (December 31, 2022 - $643,533). The increase primarily reflected net earnings of $9,212.

13. Related Party Transactions

Payable to Related Parties

At September 30, 2023, the company's payable to related parties of $849 was comprised of a payable to TopCo LP for investment and advisory fees of $849 (December 31, 2022 - $803).

Investment Advisory Agreement

The company and its subsidiaries are parties to the Investment Advisory Agreement with TopCo LP. TopCo LP has entered into a sub-investment and advisory agreement with the Manager, pursuant to which the Manager was appointed as TopCo LP's sub-advisor for the purposes of the Investment Advisory Agreement. As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee.

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of TopCo LP. In the third quarter and first nine months of 2023, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were $856 and $2,388 (2022 - $836 and $2,843).

Performance Fee

The performance fee under the Investment Advisory Agreement is accrued quarterly and is calculated, on a cumulative basis, as 20% of any increase in book value per share, excluding investment in and any cash distributions made by TopCo LP ("Adjusted Book Value per Share"), above a 5% per annum increase less any performance fees settled in prior calculation periods. The amount of Adjusted Book Value per Share at any time which must be achieved before any performance fee would be payable is sometimes referred to as the "hurdle per share".

Under the Investment Advisory Agreement, the period from January 1, 2021 to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At September 30, 2023 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 - $0) as the Adjusted Book Value per Share of $2.87 (December 31, 2022 - $2.91) (before factoring in the impact of the performance fee) was less than the hurdle per share at the respective date of $3.38.

The performance fee, if applicable, will be paid within 30 days after the company issues its annual audited consolidated financial statements for the year ended December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

In the third quarter and first nine months of 2023, a performance fee of $nil (2022 - a performance fee of $nil and a performance fee recovery of $938) was recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss).

Other Receivables from Related Parties

Other receivables from related parties of $1,401 at September 30, 2023 (December 31, 2022 - $1,319) was comprised of distributions receivable of $1,401 from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during 2022. Refer to the Private Portfolio Investments section in note 5. The receivable at December 31, 2022 was primarily comprised of a distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during 2022.

Fairfax's Voting Rights and Equity Interest

At September 30, 2023, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,302,912 subordinate voting shares of HFP (December 31, 2022 - 30,000,000 and 5,302,912 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At September 30, 2023, Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 32.6% of the equity interest in HFP (December 31, 2022 - 53.3% and 32.6%).

Principal Holdco's Voting Rights and Equity Interest

At September 30, 2023, Principal Holdco, a Luxembourg holding company, indirectly owned by the co-CEOs of the company, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP (December 31, 2022 - 25,452,865 and 24,632,413). In addition to his ownership through Principal Holdco, one of the co-CEOs also directly owned 4,500 subordinate voting shares (December 31, 2022 - 4,500) and indirectly owned 62,000 subordinate voting shares through a holding company (December 31, 2022 - 62,000).

At September 30, 2023, Principal Holdco's holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 46.3% of the equity interest in HFP (December 31, 2022 - 45.9% and 46.3%).

Key Management Personnel and Director Compensation

Management Compensation

Compensation for the company's key management personnel for the third quarter and first nine months of 2023 and 2022 was recorded in general and administration expenses within the consolidated statements of earnings (loss) and comprehensive earnings (loss) as follows:

	Third quarter		**First nine months**	
	2023	2022	**2023**	2022
Short-term employee benefits	**397**	279	**1,190**	878
Share-based payments	**34**	39	**103**	130
	431	318	**1,293**	1,008

Director Compensation

Compensation for the company's Board of Directors for the third quarter and first nine months of 2023 and 2022 was recognized in general and administration expenses in the consolidated statements of earnings (loss) and comprehensive earnings (loss) as follows:

	Third quarter		**First nine months**	
	2023	2022	**2023**	2022
Retainers and fees	**103**	100	**304**	301
Share-based payments	**42**	90	**169**	215
	145	190	**473**	516

Special Incentive Plan

The company adopted the Special Incentive Plan, pursuant to which options to purchase subordinate voting shares of the company were granted to the SIP Recipients (refer to note 9). Certain of the SIP Recipients are key management personnel of the company or employees of the Manager.

Long Term Incentive Plan

The company adopted the Long-Term Incentive Plan, pursuant to which restricted share units of the company were granted to the LTIP Recipients (refer to note 9). Certain of the LTIP recipients are key management personnel and directors of the company.

Related Party Investment Transactions

Helios Fund IV

Helios Fund IV is related to HFP by virtue of common key management personnel. In the first nine months of 2023, the company funded capital calls of $8,632. The exchange amount of the transaction represented fair value (refer to notes 5 and 6). At September 30, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (refer to note 5).

Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV, who controls SPV Rayon and the operating businesses of Trone and is a related party of HFP by virtue of common key management personnel, holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings is a related party of HFP by virtue of common key management personnel and is an associate of the company. The exchange amount of the transaction represented fair value on initial recognition (refer to notes 5 and 6).

TopCo LP

TopCo LP is a related party of HFP by virtue of common key management personnel and is an associate of the company. At September 30, 2023, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $122, which reflected Excess Management Fees earned during 2023. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $122. The exchange amount of the transaction represented fair value (refer to notes 5 and 6).

TopCo LP Management Team Commitment

In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In the first nine months of 2023, the company funded capital calls of $1,295 from TopCo for its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At September 30, 2023, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,483 (refer to note 5).

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (refer to note 7).

Related party derivatives

Fairfax has issued the HFP Redemption Derivative (refer to note 5). This related party derivative is recorded in Related party derivatives and guarantees within the consolidated balance sheet.

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023 (refer to note 6).

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. HDV is related to HFP by virtue of common key management personnel. Obashe Trust is also related to HFP. On June 23, 2023 and August 10, 2023, the company funded drawdowns of $200 and $500, respectively, on the Digital Ventures $40M Facility (refer to notes 5 and 6). At September 30, 2023, the company's remaining capital commitments to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility were $24,773 and $637, respectively (refer to note 5).

Helios Sports and Entertainment Group

On June 8, 2023, the company, through HSEG and HSEH, subscribed for 25% equity interest in Zaria for no consideration and made a maximum financial commitment of $12,000 to Zaria (refer to notes 5 and 6). Zaria Holdings Limited owns the remaining 75% equity interest in Zaria and is a related party of HFP by virtue of common key management personnel. Zaria is a related party of HFP by virtue of being an associate of HFP.

Helios Seven Rivers Fund

In April 2023, the company invested a total of $30,000 in Seven Rivers in exchange for a 93.7% equity interest. Seven Rivers is a related party of HFP as HFP controls Seven Rivers. The exchange amount of the transaction represented fair value (refer to notes 5 and 6).

Related Party Indemnity

In 2022, the company entered into an agreement with Fairfax in respect of which Fairfax agreed to indemnify the company for all claims and liabilities that may arise from the settlement, in 2021, of the Atlas Mara Zambia Term Deposit Guarantee of $13,495, inclusive of interest.

14. Other Assets

Other assets at September 30, 2023 and December 31, 2022 were comprised as follows:

	September 30, 2023			December 31, 2022		
	Gross	**Provision**	**Net**	Gross	Provision	Net
Receivable from Atlas Mara	**761**	**320**	**441**	1,016	429	587
Sales tax refundable	**206**	**—**	**206**	2,504	2,446	58
Right of use asset	**549**	**—**	**549**	—	—	—
Other	**898**	**—**	**898**	187	—	187
	2,414	**320**	**2,094**	3,707	2,875	832

Receivable from Atlas Mara

At September 30, 2023 the receivable from Atlas Mara relates to the guarantee provided by the company during 2021 to TLG Capital on the TLG Facility, in the amount of $8,474. During the third quarter of 2023, the company received partial repayment of $145 on the TLG Facility Guarantee, for total partial repayments at September 30, 2023 of $4,406 (December 31, 2022 - $4,261). The company expects further repayments on the TLG Facility Guarantee as Atlas Mara receives the remaining tranche of proceeds from the sale.

At September 30, 2023, the company estimated the recoverable amount of its receivable from Atlas Mara to be $441 based on amounts received and expected to be received from the UBN sale.

15. General and Administration Expenses

General and administration expenses for the third quarter and first nine months of 2023 and 2022 were comprised as follows:

	Third quarter		**First nine months**	
	2023	2022	**2023**	2022
Audit, legal, tax and professional fees	**1,093**	663	**3,112**	3,076
Administrative expenses	**794**	1,064	**2,469**	2,331
Management service fees (note 13)	**—**	142	**58**	730
Salaries and employee benefit expenses	**811**	753	**2,992**	2,945
Brokerage fees	**—**	9	**—**	28
	2,698	2,631	**8,631**	9,110

16. Legal Proceedings

The company is a defendant in a current legal action and intends to vigorously defend itself against all legal claims arising from such action. Although the ultimate outcome of this matter cannot be ascertained at this time and the results of such legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available and the indemnity in place, that this is not a significant exposure and the resolution of this matter will not have a material adverse effect on the consolidated financial position of the company.

17. Supplementary Cash Flow Information

Cash and cash equivalents were included within the consolidated balance sheets and statements of cash flows as follows:

	September 30, 2023	December 31, 2022
Cash and balances with banks	**41,238**	49,473
Cash equivalents	**75,000**	75,768
	116,238	125,241

Details of certain cash flows included within the consolidated statements of cash flows for the third quarter and first nine months of 2023 and 2022 were as follows:

	Third quarter		**First nine months**	
	2023	2022	**2023**	2022
Purchases of investments				
Limited partnership investments	**(8,308)**	—	**(9,927)**	—
Common shares	**(4,000)**	—	**(20,159)**	—
Loans	**(1,000)**	(7,933)	**(10,144)**	(24,309)
	(13,308)	(7,933)	**(40,230)**	(24,309)
Disposals of investments				
Loans	**—**	—	**28,215**	4,365
Bonds	**—**	—	**—**	20,000
Common stocks	**14,295**	10,264	**14,310**	10,264
Related party derivatives and guarantees	**—**	33,424	**—**	33,424
	14,295	43,688	**42,525**	68,053
Interest received (paid)				
Interest received	**2,043**	687	**5,928**	7,577
Interest paid on borrowings	**(758)**	(756)	**(2,244)**	(2,244)
	1,285	(69)	**3,684**	5,333
Dividends received	**—**	160	**208**	950
Income taxes paid	**(717)**	—	**(6,129)**	(8)

18. Reclassification of Comparative Amounts

During the first nine months of 2023, the company changed its accounting policy related to the presentation of the Net realized gains (losses) on investments and Net change in unrealized gains (losses) on investments line items in the consolidated statements of earnings (loss) and comprehensive earnings (loss). The prior presentation of these line items was changed to combine the aforementioned lines into Net gains (losses) on investments. The adjustment in presentation was made to better reflect the characteristics of the line items presented in the consolidated statements of earnings (loss) and comprehensive earnings (loss). As at September 30, 2022, line items within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were adjusted as follows:

a. Net change in unrealized losses on investments of $45,653 and $72,239 for the third quarter and first nine months of 2022, respectively, were reclassified to Net gains (losses) on portfolio investments within the consolidated statements of earnings (loss) and comprehensive earnings (loss).
b. Net change in realized gains on investments of $33,951 and $28,736 for the third quarter and first nine months of 2022 was reclassified to Net gains (losses) on portfolio investments within the consolidated statements of earnings (loss) and comprehensive earnings (loss).

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