

COUNSEL | PORTFOLIO SERVICES

Counsel Global Small Cap

ANNUAL FINANCIAL STATEMENTS

For the year ended March 31, 2018

COUNSEL | PORTFOLIO SERVICES

Management's *Responsibility for Financial Reporting*

To the securityholders of:

Counsel All Equity Portfolio	Counsel Conservative Portfolio Class	Counsel Income Portfolio
Counsel All Equity Portfolio Class	Counsel Defensive Global Equity	Counsel International Growth
Counsel Balanced Growth Portfolio	Counsel Fixed Income	Counsel International Value
Counsel Balanced Portfolio	Counsel Global Dividend	Counsel Money Market
Counsel Balanced Portfolio Class	Counsel Global Fixed Income	Counsel Monthly Income Portfolio
Counsel Canadian Core Fixed Income	Counsel Global Low Volatility Equity	Counsel North American High Yield Bond
Counsel Canadian Dividend	Counsel Global Real Estate	Counsel Retirement Accumulation Portfolio
Counsel Canadian Dividend Class	Counsel Global Small Cap	Counsel Retirement Foundation Portfolio
Counsel Canadian Growth	Counsel Global Trend Strategy	Counsel Retirement Income Portfolio
Counsel Canadian Growth Class	Counsel Growth Portfolio	Counsel Retirement Preservation Portfolio
Counsel Canadian Value	Counsel Growth Portfolio Class	Counsel Short Term Bond
Counsel Canadian Value Class	Counsel High Income Portfolio	Counsel U.S. Growth
Counsel Conservative Portfolio	Counsel High Yield Fixed Income	Counsel U.S. Value

(collectively, “the Funds”)

The accompanying financial statements have been prepared by Counsel Portfolio Services Inc. (“Counsel”), as manager of the Funds. The statements have been approved by the Board of Directors of Counsel (the “Board”). Management is responsible for the information and representations contained in these financial statements.

Counsel maintains internal controls over the financial reporting process to ensure that relevant and reliable financial information is provided. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Funds, are described in note 3 to the financial statements.

The Board is responsible for reviewing and approving the financial statements and overseeing the Manager’s performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP are the external auditors of the Funds. They are appointed by the Board. The external auditors have audited the financial statements in accordance with generally accepted auditing standards to enable them to express to securityholders their opinion on the financial statements.



Chris Reynolds
Director



Frank Gawlina
Chief Financial Officer

June 7, 2018

Independent Auditor's Report

To the Securityholders of

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(collectively "the Funds")

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position, statements of comprehensive income, statements of changes in financial position and statements of cash flows as at and for the periods indicated in note 1, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds, their financial performance and their cash flows as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 7, 2018

STATEMENTS OF FINANCIAL POSITION

at March 31, 2018 with comparative figures at March 31, 2017
(in \$ 000 except per security amounts)

	Mar. 31 2018	Mar. 31 2017
Assets		
Current assets:		
Investments at fair value	386,135	327,958
Cash and cash equivalents	27,788	30,802
Accrued interest receivable	1	4
Dividends receivable	481	444
Accounts receivable for investments sold	1,669	2,993
Accounts receivable for securities issued	552	326
Accounts receivable from the Manager	-	-
Margin on derivative contracts	-	-
Derivative assets	-	-
Other assets	-	-
	416,626	362,527
Non-current assets:		
Taxes recoverable	120	120
Other assets	-	-
	120	120
Total assets	416,746	362,647
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	838	2,035
Accounts payable for securities redeemed	241	777
Distributions payable	-	-
Accrued expenses and miscellaneous payables	3	1
Dividends payable on investments sold short	-	-
Derivative liabilities	1,725	-
Taxes payable	-	-
Other liabilities	4	-
Total liabilities	2,811	2,813
Net assets attributable to securityholders	413,935	359,834

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31
(in \$ 000 except per security amounts)

	2018	2017
Income:		
Dividends	5,418	3,831
Interest and other income	102	27
Net realized gain (loss)	24,230	13,134
Net unrealized gain (loss)	26,897	21,892
Income (loss) from derivatives	-	-
Income (loss) from short selling	-	-
Securities lending income	123	130
Trust income	59	44
Total income	56,829	39,058
Expenses:		
Management fees	283	331
Management fee rebates	-	-
Administration fees	171	145
Commissions and other portfolio transaction costs	499	654
Independent Review Committee costs	2	1
Interest and other charges	(8)	3
Expenses before amounts absorbed by Manager	947	1,134
Expenses absorbed by Manager	-	-
Net expenses	947	1,134
Increase (decrease) in net assets attributable to securityholders from operations before tax	55,882	37,924
Foreign withholding tax expense (recovery)	332	274
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
Increase (decrease) in net assets attributable to securityholders from operations	55,550	37,650

	Net assets attributable to securityholders			
	per security		per series	
	Mar. 31 2018	Mar. 31 2017	Mar. 31 2018	Mar. 31 2017
Series A	16.06	14.42	11,488	11,737
Series F	17.48	15.69	3,572	2,840
Series I	17.90	16.08	962	933
Series O	18.30	16.44	314,909	277,088
Series Private Wealth	33.41	30.01	83,004	67,236
			413,935	359,834

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2018	2017	2018	2017
Series A	1.86	1.19	1,370	882
Series E	n/a	0.50	n/a	233
Series F	2.20	1.45	431	254
Series I	2.49	1.69	123	69
Series O	2.56	1.78	42,785	29,818
Series Private Wealth	4.64	3.20	10,841	6,394
			55,550	37,650

STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except when stated)

	TOTAL		SERIES A		SERIES E		SERIES F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	359,834	313,851	11,737	7,141	-	7,703	2,840	2,343
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	55,550	37,650	1,370	882	-	233	431	254
Distributions:								
Income	(3,766)	(3,487)	(38)	(5)	-	-	(22)	(12)
Capital gains	(10,779)	(6,980)	(108)	(9)	-	-	(62)	(21)
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-
Total distributions	(14,545)	(10,467)	(146)	(14)	-	-	(84)	(33)
Security transactions:								
Proceeds from sale of securities	52,137	52,226	1,473	7,223	-	395	3,057	1,391
Proceeds from securities issued on merger	-	208	-	84	-	-	-	124
Reinvested from distributions	14,504	10,447	143	13	-	-	63	22
Payment on redemption of securities	(53,545)	(44,081)	(3,089)	(3,592)	-	(8,331)	(2,735)	(1,261)
Total security transactions	13,096	18,800	(1,473)	3,728	-	(7,936)	385	276
Increase (decrease) in assets attributable to securityholders	54,101	45,983	(249)	4,596	-	(7,703)	732	497
Net assets attributable to securityholders, end of period	413,935	359,834	11,488	11,737	-	-	3,572	2,840
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period			814.1	538.8	-	480.5	181.0	162.2
Add (deduct):								
Securities sold			94.2	529.6	-	24.3	182.6	93.0
Securities issued on merger			-	6.1	-	-	-	8.3
Reinvested from distributions			9.2	0.9	-	-	3.7	1.5
Securities redeemed			(202.2)	(261.3)	-	(504.8)	(162.9)	(84.0)
Securities outstanding, end of period			715.3	814.1	-	-	204.4	181.0

	SERIES I		SERIES O		SERIES PRIVATE WEALTH	
	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	933	479	277,088	250,818	67,236	45,367
Increase (decrease) in net assets attributable to securityholders resulting from:						
Operations	123	69	42,785	29,818	10,841	6,394
Distributions:						
Income	(9)	(5)	(2,958)	(2,863)	(739)	(602)
Capital gains	(25)	(10)	(8,468)	(5,864)	(2,116)	(1,076)
Return of capital	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-
Total distributions	(34)	(15)	(11,426)	(8,727)	(2,855)	(1,678)
Security transactions:						
Proceeds from sale of securities	271	446	30,172	18,209	17,164	24,562
Proceeds from securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	31	15	11,426	8,727	2,841	1,670
Payment on redemption of securities	(362)	(61)	(35,136)	(21,757)	(12,223)	(9,079)
Total security transactions	(60)	400	6,462	5,179	7,782	17,153
Increase (decrease) in assets attributable to securityholders	29	454	37,821	26,270	15,768	21,869
Net assets attributable to securityholders, end of period	962	933	314,909	277,088	83,004	67,236
Increase (decrease) in securities (in thousands):						
Securities outstanding, beginning of period	58.0	32.3	16,857.3	16,559.3	2,240.5	1,641.0
Add (deduct):						
Securities sold	15.8	28.6	1,703.0	1,162.4	537.3	859.2
Securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	1.8	1.0	649.4	516.0	88.4	59.1
Securities redeemed	(21.8)	(3.9)	(2,000.7)	(1,380.4)	(381.9)	(318.8)
Securities outstanding, end of period	53.8	58.0	17,209.0	16,857.3	2,484.3	2,240.5

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

STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000)

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets attributable to securityholders from operations	55,550	37,650
Less non-cash impact of:		
Net realized loss (gain) on investments	(24,230)	(13,134)
Change in net unrealized loss (gain) on investments	(26,897)	(21,892)
Distributions received from Underlying Funds	-	-
Adjustments for:		
Proceeds from sale and maturity of investments	138,582	142,047
Purchases of investments	(143,614)	(153,867)
(Increase) decrease in accounts receivable and other assets	(34)	(101)
Increase (decrease) in accounts payable and other liabilities	6	(1)
Net cash provided by (used in) operating activities	(637)	(9,298)
Cash flows from financing activities:		
Proceeds from securities issued	51,911	46,172
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(54,081)	(37,276)
Distributions paid net of reinvestments	(41)	(20)
Net cash provided by (used in) financing activities	(2,211)	8,876
Increase (decrease) in cash and cash equivalents	(2,848)	(422)
Cash and cash equivalents at beginning of period	30,802	31,103
Effect of exchange rate fluctuations on cash and cash equivalents	(166)	121
Cash and cash equivalents, end of period	27,788	30,802
Cash	23,804	25,501
Cash equivalents	3,984	5,301
Bank indebtedness	-	-
	27,788	30,802

Supplementary disclosures on cash flow from operating activities:

Dividends received net of withholding taxes	5,049	3,459
Interest received net of withholding taxes	105	24
Interest paid	-	2
Income taxes paid (recovered)	-	-

SCHEDULE OF INVESTMENTS

as at March 31, 2018

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES					
51job Inc.	China	Industrials	27,435	1,845	3,041
Abcam PLC	United Kingdom	Health Care	264,185	3,025	5,924
AG Growth International Inc.	Canada	Industrials	26,445	1,287	1,422
AI Holdings Corp.	Japan	Information Technology	64,368	1,763	2,316
Ain Holdings Inc.	Japan	Consumer Staples	29,208	2,304	2,819
AirTac International Group	Taiwan	Industrials	78,000	1,498	1,791
Alliance Data Systems Corp.	United States	Information Technology	8,305	908	2,277
Altus Group Ltd.	Canada	Real Estate	29,169	843	952
Amara Raja Batteries Ltd. IPC due 01-31-2019 - MACQ	Australia	Industrials	99,530	1,429	1,564
Andrew Peller Ltd.	Canada	Consumer Staples	85,128	982	1,544
Asahi Intecc Co. Ltd.	Japan	Health Care	72,874	2,759	3,729
ASOS PLC	United Kingdom	Consumer Discretionary	10,488	730	1,322
Avanza Bank Holding AB	Sweden	Financials	16,250	1,124	1,110
Aveva Group PLC	United Kingdom	Information Technology	55,575	2,382	1,922
Axalta Coating Systems Ltd.	United States	Materials	108,745	3,881	4,229
B&M European Value Retail SA	United Kingdom	Consumer Discretionary	379,059	2,413	2,685
Banca IFIS SpA	Italy	Financials	32,659	1,199	1,626
BMO Junior Gold Index ETF	n/a	Exchange Traded Funds	244,616	2,484	2,184
Booz Allen Hamilton Holding Corp.	United States	Information Technology	89,803	2,008	4,479
Boralex Inc. Class A	Canada	Utilities	111,379	1,905	2,492
Boyd Group Income Fund	Canada	Industrials	26,661	1,674	2,778
Brompton Corp.	Canada	Financials	6,111	92	2
Burford Capital Ltd.	United States	Financials	96,884	1,421	2,351
Calbee Inc.	Japan	Consumer Staples	33,323	1,437	1,424
Canadian Western Bank	Canada	Financials	134,426	4,101	4,443
Capstone Mining Corp.	Canada	Materials	852,300	1,325	1,023
Cargojet Inc.	Canada	Industrials	29,021	1,362	1,980
CES Energy Solutions Corp.	Canada	Energy	87,000	474	512
Charles River Laboratories International Inc.	United States	Health Care	32,579	1,698	4,480
Chr. Hansen Holding AS	Denmark	Materials	23,156	1,288	2,578
Clicks Group Ltd.	South Africa	Consumer Staples	111,812	1,206	2,231
Cochlear Ltd.	Australia	Health Care	22,468	2,561	4,062
Colliers International Group Inc.	Canada	Real Estate	67,201	2,249	6,010
CommScope Holding Co. Inc.	United States	Information Technology	105,023	3,644	5,408
Computer Modelling Group Ltd.	Canada	Information Technology	135,865	1,355	1,262
The Cooper Companies Inc.	United States	Health Care	10,046	899	2,961
Corporate Travel Management Ltd.	Australia	Consumer Discretionary	111,430	1,862	2,609
COSMOS Pharmaceutical Corp.	Japan	Consumer Staples	7,657	1,202	2,007
CREATE SD HOLDINGS Co. Ltd.	Japan	Consumer Staples	30,300	1,004	1,018
Crew Energy Inc.	Canada	Energy	138,242	652	261
Crombie Real Estate Investment Trust	Canada	Real Estate	73,364	1,069	922
CTS Eventim AG & Co. KGaA	Germany	Consumer Discretionary	44,285	1,879	2,677
The Descartes Systems Group Inc.	Canada	Information Technology	91,434	2,081	3,367
Diploma PLC	United Kingdom	Industrials	112,104	1,957	2,314
Domino's Pizza Enterprises Ltd.	Australia	Consumer Discretionary	35,103	1,143	1,455
Douzone Bizon Co. Ltd.	South Korea	Information Technology	48,102	2,439	3,378
ECN Capital Corp.	Canada	Financials	300,808	1,087	1,035
Encore Capital Group Inc.	United States	Financials	100,761	4,391	5,867
Enercare Inc.	Canada	Consumer Discretionary	78,800	1,560	1,390
Enerflex Ltd.	Canada	Energy	87,328	1,492	1,341
Enghouse Systems Ltd.	Canada	Information Technology	21,041	775	1,434
en-japan Inc.	Japan	Industrials	33,971	1,168	2,545
Ennoconn Corp.	Taiwan	Information Technology	134,429	2,323	2,849
Fevertree Drinks PLC	United Kingdom	Consumer Staples	54,583	1,168	2,600
Fiera Capital Corp.	Canada	Financials	142,704	1,842	1,568
FirstService Corp.	Canada	Real Estate	17,222	807	1,626
Fortuna Silver Mines Inc.	Canada	Materials	119,353	997	802
Frutarom Industries Ltd.	Israel	Materials	25,755	1,740	3,053
Funai Soken Holdings Inc.	Japan	Industrials	1,944	52	54
GasLog Ltd.	Monaco	Energy	272,959	3,718	5,784
Global Payments Inc.	United States	Information Technology	27,267	972	3,917
GMO Payment Gateway Inc.	Japan	Information Technology	21,600	1,738	2,775
Grande West Transportation Group Inc.	Canada	Industrials	284,320	568	498
GreenSpace Brands Inc.	Canada	Consumer Staples	383,494	555	506
Grupo Aeroportuario del Centro Norte SAB de CV (OMA)	Mexico	Industrials	348,308	2,300	2,211
Halma PLC	United Kingdom	Information Technology	152,877	2,212	3,263
Hardwoods Distribution Inc.	Canada	Industrials	101,500	1,732	1,908
Hexpol AB	Sweden	Materials	196,060	2,285	2,344
Hypoport AG	Germany	Financials	9,704	1,949	2,100
Infomart Corp.	Japan	Information Technology	224,634	1,570	2,785
InterRent Real Estate Investment Trust	Canada	Real Estate	94,600	775	957

SCHEDULE OF INVESTMENTS (continued)

as at March 31, 2018

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES (continued)					
Intertape Polymer Group Inc.	Canada	Materials	74,673	1,490	1,547
ION Geophysical Corp.	United States	Energy	52,735	3,829	1,841
Ipsen SA	France	Health Care	21,036	1,659	4,209
iShares MSCI India Small-Cap ETF	n/a	Exchange Traded Funds	94,345	5,780	5,767
iShares S&P/TSX Completion Index ETF	n/a	Exchange Traded Funds	220,800	5,543	5,432
iShares S&P/TSX Global Gold Index ETF	n/a	Exchange Traded Funds	188,228	2,734	2,202
iShares S&P/TSX SmallCap Index ETF	n/a	Exchange Traded Funds	88,400	1,446	1,365
Japan Lifeline Co. Ltd.	Japan	Health Care	60,600	824	2,281
Japan Material Co. Ltd.	Japan	Information Technology	100,278	762	1,680
John Wiley & Sons Inc. Class A	United States	Consumer Discretionary	55,231	2,402	4,532
K-Bro Linen Inc.	Canada	Industrials	49,099	2,062	1,779
Kelt Exploration Ltd.	Canada	Energy	144,979	807	997
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	82,200	983	1,141
Kinaxis Inc.	Canada	Information Technology	26,549	1,380	2,199
Knight Therapeutics Inc.	Canada	Health Care	47,000	495	364
Koh Young Technology Inc.	South Korea	Information Technology	3,067	364	371
Kotobuki Spirits Co. Ltd.	Japan	Consumer Staples	31,400	1,807	2,135
Kusuri no Aoki Holdings Co. Ltd.	Japan	Consumer Staples	27,300	2,006	2,556
Laurentian Bank of Canada	Canada	Financials	2,944	169	139
Liberty Broadband Corp. Class A	United States	Consumer Discretionary	22,079	1,397	2,412
Linamar Corp.	Canada	Consumer Discretionary	11,737	641	826
Loen Entertainment Inc.	South Korea	Consumer Discretionary	11,593	1,599	1,544
Maisons du Monde SA	France	Consumer Discretionary	35,849	1,616	1,687
Max India Ltd. IPC due 01-31-2019 - MACQ	Australia	Financials	177,011	1,668	1,585
Medy-Tox Inc.	South Korea	Health Care	3,016	949	2,678
Melexis NV	Belgium	Information Technology	21,591	1,775	2,774
Metro Bank PLC	United Kingdom	Financials	59,608	3,106	3,790
Minor International PCL	Thailand	Consumer Discretionary	1,271,975	1,768	2,006
MISUMI Group Inc.	Japan	Industrials	102,246	1,621	3,626
Moncler SPA	Italy	Consumer Discretionary	64,499	1,637	3,169
Monotaro Co. Ltd.	Japan	Industrials	58,215	1,603	2,700
Morneau Shepell Inc.	Canada	Industrials	141,584	2,515	3,660
Nanosonics Ltd.	Australia	Health Care	272,203	734	694
Nemetschek SE	Germany	Information Technology	13,397	1,476	1,937
New Flyer Industries Inc.	Canada	Industrials	35,700	1,549	2,091
Nihon M&A Center Inc.	Japan	Industrials	85,268	1,008	3,789
Nuance Communications Inc.	United States	Information Technology	151,474	3,217	3,073
NuVista Energy Ltd.	Canada	Energy	148,687	856	1,050
Organic Garage Ltd.	Canada	Consumer Staples	517,800	182	124
Park Lawn Corp.	Canada	Consumer Discretionary	45,400	840	1,115
Parkland Fuel Corp.	Canada	Energy	39,700	997	1,151
Pason Systems Inc.	Canada	Energy	69,934	1,350	1,206
Patient Home Monitoring Corp. Purchase Warrants Exp. 05-04-2018	Canada	Health Care	220,815	-	-
Patrizia Immobilien AG	Germany	Real Estate	119,486	2,235	3,416
People Corp.	Canada	Industrials	137,380	873	982
Performant Financial Corp.	United States	Industrials	739,817	3,928	2,859
PHX Energy Services Corp.	Canada	Energy	229,312	1,643	445
Pigeon Corp.	Japan	Consumer Staples	49,452	1,838	2,885
PNB Housing Finance Ltd. IPC due 01-31-2019 - MACQ	Australia	Financials	80,416	1,433	2,054
Pollard Banknote Ltd.	Canada	Consumer Discretionary	69,114	768	1,469
Premium Brands Holdings Corp.	Canada	Consumer Staples	11,318	850	1,341
Raging River Exploration Inc.	Canada	Energy	204,156	1,771	1,274
Raia Drogasil SA	Brazil	Consumer Staples	78,875	1,392	2,303
Regal Beloit Corp.	United States	Industrials	50,104	3,627	4,735
Reply SPA	Italy	Information Technology	21,615	1,730	1,540
Richelieu Hardware Ltd.	Canada	Industrials	196,651	4,042	5,923
Rightmove PLC	United Kingdom	Information Technology	26,969	1,664	2,121
Roots Corp.	Canada	Consumer Discretionary	35,546	407	364
Rotork PLC	United Kingdom	Industrials	772,949	3,286	3,974
Sabre Corp.	United States	Information Technology	120,487	3,561	3,329
Savaria Corp.	Canada	Industrials	82,102	996	1,416
Schoeller-Bleckmann Oilfield Equipment AG	Austria	Energy	10,722	1,362	1,523
Scout24 AG	Germany	Information Technology	45,369	2,044	2,725
Secure Energy Services Inc.	Canada	Energy	135,309	1,486	993
Security Bank Corp.	Philippines	Financials	331,830	2,071	1,976
Seria Co. Ltd.	Japan	Consumer Discretionary	49,590	1,615	3,239
Silergy Corp.	China	Information Technology	81,769	1,416	2,377
SIR Royalty Income Fund	Canada	Consumer Discretionary	15,896	221	231
SiteOne Landscape Supply Inc.	United States	Industrials	52,627	3,521	5,223
Sleep Country Canada Holdings Inc.	Canada	Consumer Discretionary	47,300	1,481	1,613
SMS Co. Ltd.	Japan	Information Technology	79,503	1,796	4,378

SCHEDULE OF INVESTMENTS (continued)

as at March 31, 2018

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES (continued)					
So-net M3 Inc.	Japan	Health Care	38,704	803	2,246
Spartan Energy Corp.	Canada	Energy	218,161	1,971	1,252
Spirit Airlines Inc.	United States	Industrials	93,794	5,122	4,569
Stabilus SA	Germany	Industrials	8,883	965	1,094
Stella-Jones Inc.	Canada	Materials	24,321	1,089	1,107
StorageVault Canada Inc.	Canada	Real Estate	408,600	620	1,042
Takeuchi Mfg. Co. Ltd.	Japan	Industrials	56,700	1,575	1,635
Team Inc.	United States	Industrials	43,264	679	766
Tecan Group AG	Switzerland	Health Care	6,282	1,152	1,713
Technology One Ltd.	Australia	Information Technology	381,560	1,853	1,976
TECSYS Inc.	Canada	Information Technology	15,290	187	241
Ted Baker PLC	United Kingdom	Consumer Discretionary	59,115	2,893	2,682
Ten Peaks Coffee Co. Inc.	Canada	Consumer Staples	108,033	910	713
TGS Nopec Geophysical Co. ASA	Norway	Energy	99,012	2,914	3,112
Tidewater Midstream and Infrastructure Ltd.	Canada	Energy	1,300,300	1,916	1,807
TiVo Corp.	United States	Information Technology	139,816	2,340	2,441
TOA Paint Thailand PCL - Foreign	Thailand	Materials	97,437	156	153
TORC Oil & Gas Ltd.	Canada	Energy	194,076	1,477	1,281
Total Energy Services Inc.	Canada	Energy	105,979	1,481	1,403
Trican Well Service Ltd.	Canada	Energy	170,436	590	511
Tricon Capital Group Inc.	Canada	Real Estate	111,354	1,226	1,097
U-Blox AG	Switzerland	Information Technology	5,993	1,670	1,391
Uni-Select Inc.	Canada	Consumer Discretionary	19,700	594	394
VAT Group AG	Switzerland	Industrials	11,383	2,202	2,468
Venture Corp. Ltd.	Singapore	Information Technology	121,860	1,481	3,391
Viemed Healthcare Inc. Purchase Warrant Exp. 05-04-2018	Canada	Health Care	22,081	-	-
Vitasoy International Holdings Ltd.	Hong Kong	Consumer Staples	1,544,198	2,756	5,126
Voltronic Power Technology Corp.	Taiwan	Industrials	98,665	1,780	2,467
Webjet Ltd.	Australia	Consumer Discretionary	88,258	993	972
Wipak Ltd.	Canada	Materials	15,832	360	767
WiseTech Global Ltd.	Australia	Information Technology	173,236	1,978	1,639
WSP Global Inc.	Canada	Industrials	32,156	1,469	1,908
Xing SE	Germany	Information Technology	8,774	2,392	3,296
XXL ASA	Norway	Consumer Discretionary	132,247	1,816	1,750
Yangarra Resources Ltd.	Canada	Energy	138,802	372	605
Yume No Machi Souzao linkai Co. Ltd.	Japan	Consumer Discretionary	39,453	667	1,035
				294,771	386,135
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS				(613)	-
TOTAL INVESTMENTS				<u>294,158</u>	<u>386,135</u>
Net Assets					
Total investments					386,135
Cash and cash equivalents					27,788
Derivative liabilities (see schedule of derivative instruments)					(1,725)
Other net assets (liabilities)					1,737
					<u>413,935</u>

Schedule of Asset Composition

at March 31, 2018

	% of net assets
BY ASSET TYPE	
Equities	89.2
Exchange Traded Funds	4.1
Cash and cash equivalents	6.7
Total	100.0
BY REGION	
Canada	23.2
United States	17.5
Pacific ex Japan	15.2
Europe ex U.K.	13.6
Japan	13.5
United Kingdom	7.9
Middle East and Africa	1.3
Latin America	1.1
Cash and cash equivalents	6.7
Total	100.0
BY SECTOR	
Information Technology	20.6
Industrials	19.7
Consumer Discretionary	10.8
Health Care	8.7
Financials	8.3
Consumer Staples	7.7
Energy	7.1
Materials	5.3
Real Estate	4.3
Utilities	0.8
Cash and cash equivalents	6.7
Total	100.0

at March 31, 2017

	% of net assets
BY ASSET TYPE	
Equities	89.2
Exchange Traded Funds	1.9
Cash and cash equivalents	8.6
Other	0.3
Total	100.0
BY REGION	
Canada	29.0
United States	17.7
Europe ex U.K.	12.2
Pacific ex Japan	12.0
Japan	10.3
United Kingdom	7.3
Latin America	1.6
Middle East and Africa	1.3
Cash and cash equivalents	8.6
Total	100.0
BY SECTOR	
Information Technology	18.4
Industrials	15.3
Consumer Discretionary	13.4
Financials	9.9
Health Care	9.9
Energy	6.8
Materials	6.4
Consumer Staples	6.1
Real Estate	4.0
Utilities	0.7
Telecommunication Services	0.5
Cash and cash equivalents	8.6
Total	100.0

Schedule of Derivative Instruments

as at March 31, 2018

Schedule of Forward Currency Contracts

Counterparty credit rating	Settlement date	Currency to be received (000)	Contract costs (CAD\$ 000)	Currency to be delivered (000)	Current fair value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)	
AA	05-08-2018	26,087 CAD	26,087	20,873 USD	26,873	-	(785)	
AA	05-08-2018	26,110 CAD	26,110	20,873 USD	26,873	-	(763)	
AA	05-08-2018	20,873 USD	27,050	27,050 CAD	26,873	-	(177)	
						-	(1,725)	
TOTAL DERIVATIVE ASSETS								-
TOTAL DERIVATIVE LIABILITIES								(1,725)

NOTES TO ANNUAL FINANCIAL STATEMENTS**1. FISCAL PERIODS AND GENERAL INFORMATION**

The information provided in these financial statements and notes thereto is for the year ended or as at March 31, 2018 and 2017, as applicable. In the year a series is established, 'period' represents the period from inception to the period end of that fiscal period. Refer to Note 10 for series inception dates.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 5015 Spectrum Way, Suite 300, Mississauga, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus and/or exempt distribution options.

Counsel Portfolio Services Inc. (the "Manager" or "Counsel") acts as the Fund's manager and trustee.

2. BASIS OF PREPARATION AND PRESENTATION

These annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by Counsel's Board of Directors on June 7, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Financial Instruments**

Financial instruments include financial assets and liabilities such as debt and equity securities and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

Investments are designated on initial recognition as FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple contractual obligations and therefore meet the criteria for classification as financial liabilities. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

Realized and unrealized gains and losses on investments are calculated based on average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

(b) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments, including exchange traded funds ("ETFs"), listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price where this price falls within the quoted bid-ask spread for the investment. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Counsel's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by the Manager using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data. The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Manager, provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statements of Comprehensive Income – Other changes in fair value of investments - Net unrealized gain (loss).

Further information on the Fund's fair value measurements may be found in Note 10.

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Securities lending transactions are administered by the Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income – Securities lending income and recognized when earned.

(f) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statements of Comprehensive Income – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

NOTES TO ANNUAL FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Offsetting**

The Fund only offsets financial assets and liabilities in the Statement of Financial Position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Income and expenses are not offset in the statement of comprehensive income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

(h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(i) Net asset value per security

Net asset value per security is determined for the purchase and redemption of securities in accordance with the methods disclosed in the Fund's Simplified Prospectus and Annual Information Form. These methods may vary from valuation principles under IFRS. The fair value of net assets presented in the financial statements is consistent with the net asset values calculated for the purchase and redemption of the Fund's redeemable securities calculated in accordance with securities regulations.

(j) Increase (decrease) in net assets attributable to securityholders from operations per security

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Use of Estimates*Fair value of securities not quoted in an active market*

The Fund holds financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs, could affect the reported fair value of these financial instruments held by the Fund.

Use of Judgments*Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has considered the Fund's business model, commitments to securityholders, and the manner in which investments are managed and evaluated as a group and has determined that irrevocable designation of financial instruments as financial assets or financial liabilities at fair value through profit or loss provides the most appropriate measurement and presentation of the Fund's investments and financial instruments.

Functional currency

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

5. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. The Fund's taxation year end is December 15.

Losses of the Fund cannot be allocated to securityholders and are retained in the Fund for use in future years. Non-capital losses incurred may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Net capital losses may be carried forward indefinitely to reduce future realized capital gains.

Refer to Note 10 for a summary of the Fund's loss carryforwards.

6. MANAGEMENT FEES AND OPERATING EXPENSES

Counsel is paid a management fee for arranging for the management of the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by securityholders.

Each series of the Fund, excluding series O, is charged a fixed rate annual administration fee ("Administration Fee"), as applicable, and in return, Counsel bears all of the operating expenses of the Fund, other than certain specified fund costs.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Counsel Funds' Independent Review Committee, costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, any new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after October 27, 2017 and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after October 27, 2017.

The management fee and Administration Fee are calculated for each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series. Refer to Note 10 for the management fee and Administration Fee rates charged to each series of securities.

At its sole discretion, the Manager may waive management fees or Administration fees otherwise payable by a series.

7. FUND'S CAPITAL

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2018 and 2017 and securities issued, reinvested and redeemed for the period are presented in the Statements of Changes in Financial Position. Counsel manages the capital of the Fund in accordance with the investment objectives and strategies as discussed in Note 10.

NOTES TO ANNUAL FINANCIAL STATEMENTS**8. FINANCIAL INSTRUMENTS RISK****(a) Risk exposure and management**

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 Financial Instruments: Disclosures ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, grouped by asset type, with geographic and sector information.

The Manager seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives and strategies (as disclosed in Note 10), and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

(b) Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

Other investment funds managed by Counsel ("Top Funds") may invest in Series O securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. Series Private Wealth securities may also be issued on a prospectus-exempt basis to investors in the IPC Private Wealth program offered by IPC Securities Corporation, an affiliate of Counsel.

From time to time, these holdings may be rebalanced by either reducing an allocation to the Fund or eliminating such investments in the Fund entirely. In either case, depending on the size of the investment by a large investor, this could cause a significant redemption from the Fund. Meeting such a redemption may require the Fund to sell portfolio holdings. This could result in the Fund selling a particular holding before it has achieved the valuation sought by the Manager thus affecting Fund returns. This could also result in the Fund realizing capital gains on its holdings earlier than planned, which could result in capital gains distributed to investors in the Fund (which could result in income tax payable by the investor) that might not have occurred or might have occurred at a later date.

For the amounts held by and the changes thereto during the period pertaining to Series O and/or Series Private Wealth, please refer to the amounts disclosed in the Statement of Financial Position and Statement of Changes in Financial Position.

(c) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the dates of the Statements of Financial Position.

The Fund may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have an approved credit rating equivalent to a Standard & Poor's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

If significant, Note 10 summarizes the Fund's exposure to credit risk pertaining to fixed income investments and derivatives.

(d) Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. If applicable and significant, Note 10 summarizes the Fund's exposure to currency risk.

(e) Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk. If applicable and significant, Note 10 summarizes the Fund's exposure to interest rate risk related to fixed income investments.

(f) Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategy. If applicable and significant, Note 10 summarizes the Fund's exposure to other price risk, including indirect exposure through underlying investment funds and ETFs.

9. FURTHER INFORMATION

A copy of the Fund's current Simplified Prospectus, Annual Information Form, Management Report of Fund Performance, Fund Fact Sheets, quarterly portfolio disclosures and proxy voting disclosures will be provided, without charge, by: calling toll-free 1-877-625-9885, writing to Counsel Portfolio Services Inc., 5015 Spectrum Way, Suite 300, Mississauga, ON, L4W 0E4, by visiting our website at www.counselervices.com or by visiting www.sedar.com.

NOTES TO ANNUAL FINANCIAL STATEMENTS

All figures stated in \$000s of Canadian dollars, except for Note 10(a), unless otherwise noted

10. FUND SPECIFIC INFORMATION**(a) Series information**

Series	Date of Inception	Minimum Investment (\$)	Management Fee ⁹ (%)	Administration Fee ⁹ (%)
Series A ^{1,3}	May 27, 2005	1,000	1.95	0.31
Series E ^{4,5}	November 27, 2009	75,000	1.95	0.31
Series F ^{2,3,4,10}	February 13, 2006	1,000	1.10	0.15
Series I ^{2,3,4,6,9}	March 1, 2006	1,000	-	0.15
Series O ^{4,7}	June 6, 2005	-	-	-
Series Private Wealth ^{4,8}	January 7, 2009	-	-	0.15

¹ As described in the Fund's Simplified Prospectus, securities of this series purchased under the sales charge purchase option may be subject to a fee of up to 5%; securities purchased under the redemption charge or low-load purchase options may be subject to a redemption fee of up to 6% or 3% respectively.

² A negotiable advisory or asset-based fee (plus sales taxes) is payable by investors to their dealer(s) in connection with the securities held in this series. The fee may be collected by Counsel from the investor's account through redemption of securities and remitted to the dealer at the investor's request. Alternatively, the dealer may collect it directly from the investor. Investors in this series may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

³ Effective October 28, 2016, the Series A management fee was reduced from 2.34% to 1.95%. The Series F management fee was reduced from 1.18% to 1.10% and the Series F administration fee was reduced from 0.31% to 0.15%. Additionally, the minimum investment for Series I was reduced from \$150,000 to \$1,000.

⁴ Securities of this series are not subject to sales charges or redemption charges.

⁵ On November 4, 2016, Series E securities were redesignated as Series A securities, resulting in a consolidation of the series' assets.

⁶ The management fee for this series is 1.10% and is payable directly to Counsel generally through the monthly redemption of securities.

⁷ There are no management or administration fees for this series since these securities are designed to facilitate fund-of-fund investing where duplication of management fees is prohibited.

⁸ There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in the IPC Private Wealth Program and agree to pay certain asset-based fees. Prior to November 21, 2016, this series was called Series P.

⁹ Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

¹⁰ Prior to October 27, 2017, this series was called Series D.

(b) Investment Objectives and Strategies

The Fund seeks long-term growth of capital by investing primarily in Canadian, U.S. and international small-capitalization equities.

NOTES TO ANNUAL FINANCIAL STATEMENTS

All figures stated in \$000s of Canadian dollars, except for Note 10(a), unless otherwise noted

10. FUND SPECIFIC INFORMATION (continued)**(c) Risks Associated with Financial Instruments**

i. Currency Risk

The table below indicates the foreign currencies, to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of forward currency contracts.

March 31, 2018				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	18,610	-	-	18,610
Euro	39,557	-	-	39,557
Hong Kong dollars	5,126	-	-	5,126
Japanese yen	55,656	7	-	55,663
Mexican peso	2,211	-	-	2,211
Norwegian krona	4,862	-	-	4,862
Swiss franc	5,572	-	-	5,572
Taiwanese dollars	7,107	-	-	7,107
Thailand baht	2,159	-	-	2,159
United Kingdom pounds	32,596	-	-	32,596
United States dollars	71,751	18,830	(26,873)	63,708
Other currencies	38,139	6	-	38,145
Total	283,346	18,843	(26,873)	275,316
As percent of net assets (%)				66.5

March 31, 2017				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	19,456	-	-	19,456
Euro	30,903	-	-	30,903
Hong Kong dollars	4,024	-	-	4,024
Japanese yen	37,113	-	-	37,113
Mexican peso	3,678	-	-	3,678
Norwegian krona	3,683	-	-	3,683
Swiss franc	4,373	-	-	4,373
Taiwanese dollars	7,017	-	-	7,017
Thailand baht	4,156	-	-	4,156
United Kingdom pounds	26,420	-	-	26,420
United States dollars	62,896	15,109	-	78,005
Other currencies	20,369	7	-	20,376
Total	224,088	15,116	-	239,204
As percent of net assets (%)				66.5

As at March 31, 2018, had the Canadian dollar strengthened or weakened by 5.0% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$13,766 or 3.3% of total net assets (March 31, 2017—\$11,960 or 3.3% of total net assets). In practice, the actual trading results may differ and the difference could be material.

ii. Interest Rate Risk

As at March 31, 2018 and March 31, 2017, the Fund did not have a significant exposure to interest rate risk related to fixed income investments.

iii. Other Price Risk

The Fund's most significant exposure to other price risk arises from its investment in equity securities. As at March 31, 2018, had the prices on the respective stock exchanges for these securities raised or lowered by 10.0%, with all other variables held constant, net assets would have increased or decreased by approximately \$38,614 or 9.3% of total net assets (March 31, 2017—\$32,795 or 9.1% of total net assets). In practice, the actual trading results may differ and the difference could be material.

iv. Credit Risk

As at March 31, 2018 and March 31, 2017, the Fund did not have a significant exposure to credit risk related to fixed income investments.

(d) Loss Carryforwards

As at the last taxation year-end, the Fund had no tax loss carryforwards available to offset future taxable income.

NOTES TO ANNUAL FINANCIAL STATEMENTS

All figures stated in \$000s of Canadian dollars, except for Note 10(a), unless otherwise noted

10. FUND SPECIFIC INFORMATION (continued)**(e) Fair Value Classification**

The table below summarizes the Fund's financial instruments carried at fair value using the following fair value hierarchy:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

as at March 31, 2018	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Equities	262,344	123,789	2	386,135
Cash equivalents	-	3,984	-	3,984
Derivative assets	-	-	-	-
Derivative liabilities	-	(1,725)	-	(1,725)
Total	262,344	126,048	2	388,394

as at March 31, 2017	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Equities	311,167	16,788	3	327,958
Cash equivalents	-	5,301	-	5,301
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	311,167	22,089	3	333,259

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. Consequently, during the year, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices).

As of March 31, 2018, these securities were generally classified as Level 2 (March 31, 2017 – Level 1). Other than as described above, there were no significant transfers between Level 1 and Level 2. Cash equivalents classified as level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

for year ended March 31, 2018	Fixed Income	Equities	Total
Balance – beginning of period	-	3	3
Purchases	-	-	-
Sales	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Gains (losses) during the period:			
Realized	-	-	-
Unrealized	-	(1)	(1)
Balance – end of period	-	2	2
Unrealized gains (losses) during the period attributable to securities held at end of period	-	(1)	(1)

for year ended March 31, 2017	Fixed Income	Equities	Total
Balance – beginning of period	-	285	285
Purchases	-	-	-
Sales	-	-	-
Transfers in	-	-	-
Transfers out	-	(272)	(272)
Gains (losses) during the period:			
Realized	-	-	-
Unrealized	-	(10)	(10)
Balance – end of period	-	3	3
Unrealized gains (losses) during the period attributable to securities held at end of period	-	1	1

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(f) Commissions

The brokerage commissions paid to certain dealers included an investment of \$150 (2017–\$143) that was available for payment to third party vendors for the provision of investment decision making services. This amount represented 30.1% (2017–21.9%) of the total commissions and other transaction costs paid during the period.

NOTES TO ANNUAL FINANCIAL STATEMENTS

All figures stated in \$000s of Canadian dollars, except for Note 10(a), unless otherwise noted

(g) Securities Lending

as at	Value of securities loaned	Value of collateral received
March 31, 2018	27,659	28,744
March 31, 2017	18,266	19,205

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2018 and 2017 is presented below:

for the year ended March 31	Amount (\$)		Percentage of Total Amount (%)	
	2018	2017	2018	2017
Gross Securities Lending Income	171	196	100.0	100.0
Securities Lending Agent fees	(41)	(22)	(24.0)	(11.2)
Securities Lending Income to the Fund before Withholdings Taxes	130	174	76.0	88.8
Withholding Taxes	(7)	(44)	(4.1)	(22.4)
Securities Lending Income	123	130	71.9	66.4

(h) Re-designation of Series

Effective November 4, 2016, Series E was re-designated and its net assets transferred to Series A at fair value. The transfer of \$6,144 is included in Proceeds from sale of securities for Series A and in the Payment on redemption of securities for Series E in the Statements of Changes in Financial Position. Securities sold for Series A includes 451 securities, and Securities redeemed for Series E includes 372 securities related to this transaction.

(i) Fund Merger

Effective the close of business on January 13, 2017, the Fund merged with Counsel Global Small Cap Class (the "Terminating Fund"), a mutual fund managed by Counsel. The merger was approved by the securityholders of the Terminating Fund. The merger was affected by transferring the net assets of the Terminating Fund in exchange for securities of the Fund at fair market value. Counsel paid the expenses incurred to affect the merger.

(j) Trades with other Counsel Funds

During the period, the Fund has relied on standing instructions from the Counsel Funds' Independent Review Committee ("IRC") to purchase securities from Counsel Balanced Growth Portfolio. Purchases are conducted at market prices and amounted to \$2,476 as at March 31, 2018.

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