

COUNSEL | PORTFOLIO SERVICES

Counsel Global Fixed Income

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period ended September 30, 2018

STATEMENTS OF FINANCIAL POSITION

at September 30, 2018 (unaudited) with comparative figures at March 31, 2018 (audited)
(in \$ 000 except per security amounts)

	Sept. 30 2018	Mar. 31 2018
Assets		
Current assets:		
Investments at fair value	76,940	78,498
Cash and cash equivalents	55,639	70,972
Accrued interest receivable	1,193	1,439
Dividends receivable	-	-
Accounts receivable for investments sold	-	-
Accounts receivable for securities issued	103	173
Accounts receivable from the Manager	-	-
Margin on derivative contracts	-	219
Derivative assets	1,518	1,227
Other assets	-	-
	135,393	152,528
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	135,393	152,528
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	-	-
Accounts payable for securities redeemed	121	206
Distributions payable	-	-
Accrued expenses and miscellaneous payables	1	1
Dividends payable on investments sold short	-	-
Derivative liabilities	1,122	1,521
Taxes payable	-	-
Other liabilities	-	-
	1,244	1,728
Total liabilities	1,244	1,728
Net assets attributable to securityholders	134,149	150,800

	Net assets attributable to securityholders			
	per security		per series	
	Sept. 30 2018	Mar. 31 2018	Sept. 30 2018	Mar. 31 2018
Series O	9.43	10.26	50,996	61,796
Series Private Wealth	9.00	9.78	83,152	89,003
Series R	9.00	9.79	1	1
			134,149	150,800

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended September 30 (unaudited)
(in \$ 000 except per security amounts)

	2018	2017
Income:		
Dividends	-	-
Interest and other income	2,317	1,077
Net realized gain (loss)	(1,576)	1,300
Net unrealized gain (loss)	(10,530)	(3,784)
Income (loss) from derivatives	64	-
Income (loss) from short selling	-	-
Securities lending income	-	-
Trust income	-	-
Total income	(9,725)	(1,407)
Expenses:		
Management fees	-	-
Management fee rebates	-	-
Administration fees	72	69
Commissions and other portfolio transaction costs	1	-
Independent Review Committee costs	1	-
Interest and other charges	-	-
Expenses before amounts absorbed by Manager	74	69
Expenses absorbed by Manager	-	-
Net expenses	74	69
Increase (decrease) in net assets attributable to securityholders		
from operations before tax	(9,799)	(1,476)
Foreign withholding tax expense (recovery)	19	-
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
Increase (decrease) in net assets attributable to securityholders		
from operations	(9,818)	(1,476)

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2018	2017	2018	2017
Series O	(0.68)	n/a	(3,871)	n/a
Series Private Wealth	(0.64)	(0.18)	(5,947)	(1,476)
Series R	(0.63)	(0.17)	-	-
			(9,818)	(1,476)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended September 30 (unaudited) (in \$ 000 except when stated)

	TOTAL		SERIES O		SERIES PRIVATE WEALTH		SERIES R	
	2018	2017	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	150,800	79,278	61,796	-	89,003	79,277	1	1
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	(9,818)	(1,476)	(3,871)	-	(5,947)	(1,476)	-	-
Distributions:								
Income	(2,186)	(1,303)	(882)	-	(1,304)	(1,303)	-	-
Capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-
Total distributions	(2,186)	(1,303)	(882)	-	(1,304)	(1,303)	-	-
Security transactions:								
Proceeds from sale of securities	10,519	9,100	599	-	9,920	9,100	-	-
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	2,179	1,292	882	-	1,297	1,292	-	-
Payment on redemption of securities	(17,345)	(4,423)	(7,528)	-	(9,817)	(4,423)	-	-
Total security transactions	(4,647)	5,969	(6,047)	-	1,400	5,969	-	-
Increase (decrease) in assets attributable to securityholders	(16,651)	3,190	(10,800)	-	(5,851)	3,190	-	-
Net assets attributable to securityholders, end of period	134,149	82,468	50,996	-	83,152	82,467	1	1
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period			6,024.1	-	9,095.4	7,988.4	0.1	0.1
Add (deduct):								
Securities sold			61.5	-	1,064.5	918.7	-	-
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			90.8	-	140.0	133.3	-	-
Securities redeemed			(768.2)	-	(1,055.6)	(447.9)	-	-
Securities outstanding, end of period			5,408.2	-	9,244.3	8,592.5	0.1	0.1

STATEMENTS OF CASH FLOWS

for the periods ended September 30 (unaudited) (in \$ 000)

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets attributable to securityholders from operations	(9,818)	(1,476)
Less non-cash impact of:		
Net realized loss (gain) on investments	1,576	(1,300)
Change in net unrealized loss (gain) on investments	10,530	3,784
Distributions received from Underlying Funds	-	(1,077)
Adjustments for:		
Proceeds from sale and maturity of investments	8,139	3,865
Purchases of investments	(18,863)	(7,894)
(Increase) decrease in accounts receivable and other assets	465	-
Increase (decrease) in accounts payable and other liabilities	-	-
Net cash provided by (used in) operating activities	(7,971)	(4,098)
Cash flows from financing activities:		
Proceeds from securities issued	10,589	9,406
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(17,430)	(4,563)
Distributions paid net of reinvestments	(7)	(11)
Net cash provided by (used in) financing activities	(6,848)	4,832
Increase (decrease) in cash and cash equivalents	(14,819)	734
Cash and cash equivalents at beginning of period	70,972	189
Effect of exchange rate fluctuations on cash and cash equivalents	(514)	-
Cash and cash equivalents, end of period	55,639	923
Cash	52,742	923
Cash equivalents	2,897	-
Bank indebtedness	-	-
	55,639	923

Supplementary disclosures on cash flow from operating activities:

Dividends received net of withholding taxes	-	-
Interest received (purchased) net of withholding taxes	2,544	-
Interest paid	-	-
Income taxes paid (recovered)	-	-

SCHEDULE OF INVESTMENTS

as at September 30, 2018 (unaudited)

	Country	Sector	Currency*	No. of Units, Shares, or Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
BONDS						
Argentine Bonos del Tesoro 18.20% 10-03-2021	Argentina	Foreign Governments	ARS	20,062,000	1,559	500
Argentine Bonos del Tesoro 16.00% 10-17-2023	Argentina	Foreign Governments	ARS	32,003,000	2,052	829
Argentine Bonos del Tesoro 15.50% 10-17-2026	Argentina	Foreign Governments	ARS	30,515,000	1,969	702
Bank of Thailand 1.49% 08-28-2019 Series 2	Thailand	Foreign Governments	THB	115,172,000	4,515	4,595
Bank of Thailand 1.77% 03-27-2020	Thailand	Foreign Governments	THB	15,000,000	592	599
Bonos de la Nacion Argentina con Ajuste por CER 3.75% 02-08-2019	Argentina	Foreign Governments	ARS	6,676,000	421	261
Brazil Notas do Tesouro Nacional 10.00% 01-01-2027	Brazil	Foreign Governments	BRL	1,300,000	4,880	3,821
Federative Republic of Brazil 0% 07-01-2021 Series LTN	Brazil	Foreign Governments	BRL	1,500,000	4,249	3,697
Federative Republic of Brazil 0% 01-01-2022	Brazil	Foreign Governments	BRL	835,000	2,414	1,939
Federative Republic of Brazil 10.00% 01-01-2023	Brazil	Foreign Governments	BRL	1,020,000	4,177	3,175
Ghana Government Bond 24.50% 10-22-2018 Series 3YR	Ghana	Foreign Governments	GHS	470,000	141	127
Ghana Government Bond 21.50% 03-09-2020 Series 3YR	Ghana	Foreign Governments	GHS	50,000	15	14
Ghana Government Bond 18.50% 06-01-2020 Series 3Y	Ghana	Foreign Governments	GHS	50,000	14	13
Ghana Government Bond 18.25% 09-21-2020 Series 3YR	Ghana	Foreign Governments	GHS	100,000	28	26
Ghana Government Bond 24.75% 03-01-2021	Ghana	Foreign Governments	GHS	100,000	32	29
Ghana Government Bond 16.50% 03-22-2021 Series 3Y	Ghana	Foreign Governments	GHS	6,030,000	1,773	1,509
Ghana Government Bond 16.25% 05-17-2021	Ghana	Foreign Governments	GHS	410,000	114	102
Ghana Government Bond 24.75% 07-19-2021	Ghana	Foreign Governments	GHS	100,000	32	29
Ghana Government Bond 18.25% 07-25-2022 Series 5YR	Ghana	Foreign Governments	GHS	470,000	139	120
Ghana Government Bond 17.60% 11-28-2022 Series 5YR	Ghana	Foreign Governments	GHS	1,080,000	313	268
Government of Argentina 4.00% 03-06-2020	Argentina	Foreign Governments	ARS	194,000	10	7
Government of Indonesia 7.88% 04-15-2019	Indonesia	Foreign Governments	IDR	42,000,000,000	4,023	3,665
Government of Indonesia 7.00% 05-15-2022	Indonesia	Foreign Governments	IDR	61,000,000,000	5,922	5,148
Government of Indonesia 7.00% 05-15-2027	Indonesia	Foreign Governments	IDR	42,000,000,000	4,129	3,397
Government of Mexico 0% 02-04-2019	Mexico	Foreign Governments	MXN	2,742,000	18	18
Government of Mexico 0% 02-28-2019	Mexico	Federal Government	MXN	618,000	4	4
Government of Mexico 0% 09-12-2019	Mexico	Foreign Governments	MXN	25,672,000	162	165
Government of Mexico 6.50% 06-10-2021	Mexico	Foreign Governments	MXN	61,000,000	4,061	4,090
Korea Monetary Stabilization Bond 2.06% 12-02-2019	South Korea	Foreign Governments	KOR	2,820,000,000	3,426	3,289
Korea Treasury Bond 1.75% 06-10-2020	South Korea	Foreign Governments	KOR	3,560,000,000	4,288	4,135
Korea Treasury Bond 1.75% 12-10-2020	South Korea	Foreign Governments	KOR	4,770,000,000	5,682	5,529
Letras del Banco Central de la Republic Argentina 0% 10-17-2018	Argentina	Foreign Governments	ARS	12,026,000	600	369
Letras del Banco Central de la Republic Argentina 0% 11-21-2018	Argentina	Foreign Governments	ARS	2,485,000	104	73
Mexico Cetes 0% 10-11-2018 Series BI	Mexico	Foreign Governments	MXN	640,000,000	4,098	4,413
Mexico Cetes 0% 12-06-2018 Series BI	Mexico	Foreign Governments	MXN	6,158,000	37	42
Mexico Cetes 0% 03-28-2019 Series BI	Mexico	Foreign Governments	MXN	479,995,000	3,195	3,189
Mexico Cetes 0% 05-23-2019 Series BI	Mexico	Foreign Governments	MXN	25,672,000	168	169
Mexico Cetes 0% 07-04-2019 Series BI	Mexico	Foreign Governments	MXN	1,361,000	9	9
Mexico Cetes 0% 07-18-2019 Series BI	Mexico	Federal Government	MXN	70,122,000	454	455
Republic of Argentina 0% 09-30-2019	Argentina	Federal Government	ARS	43,123,000	1,457	1,409
Republic of Argentina 4.50% 02-13-2020	Argentina	Foreign Governments	USD	199,000	262	242
Republic of Argentina F/R 06-21-2020	Argentina	Federal Government	ARS	520,000	26	19
Republic of Colombia 7.00% 05-04-2022 Series B	Colombia	Foreign Governments	COP	9,455,000,000	4,260	4,288
Republic of Colombia 10.00% 07-24-2024 Series B	Colombia	Foreign Governments	COP	5,880,000,000	3,027	3,021
Thailand Government Bond 3.88% 06-13-2019	Thailand	Foreign Governments	THB	138,200,000	5,626	5,615
Thailand Government Bond 5.50% 08-13-2019	Thailand	Foreign Governments	THB	44,200,000	1,820	1,825
					86,297	76,940
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS					(2)	-
TOTAL INVESTMENTS					<u>86,295</u>	<u>76,940</u>
Net Assets:						
Total investments						76,940
Cash and cash equivalents						55,639
Derivative assets (see schedule of derivative instruments)						1,518
Derivative liabilities (see schedule of derivative instruments)						(1,122)
Other net assets (liabilities)						1,174
						<u>134,149</u>

*Par value of bonds is stated in Canadian dollars unless otherwise noted.

Schedule of Composition of the Underlying Fund

at September 30, 2018

at March 31, 2018

	% of net assets		% of net assets
BY ASSET TYPE		BY ASSET TYPE	
Government Bonds	57.4	Government Bonds	52.0
Cash and cash equivalents	41.5	Cash and cash equivalents	47.1
Other	1.1	Other	0.9
Total	100.0	Total	100.0
REGIONAL ALLOCATION		REGIONAL ALLOCATION	
Pacific ex Japan	28.2	Latin America	25.9
Latin America	27.5	Pacific ex Japan	24.6
Middle East and Africa	1.7	Middle East and Africa	1.5
Canada	1.1	Canada	0.9
Cash and cash equivalents	41.5	Cash and cash equivalents	47.1
	100.0		100.0

Schedule of Derivative Instruments

as at September 30, 2018 (unaudited)

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)
A	02-04-2019	3,323 BRL	1,134	877 USD	1,051	-	(83)
A	03-06-2019	6,120 BRL	1,849	1,431 USD	1,931	82	-
A	10-18-2018	96,000 INR	1,859	1,438 USD	1,706	-	(153)
A	10-30-2018	250,000 INR	4,620	3,575 USD	4,432	-	(188)
A	12-11-2018	215,000 INR	4,050	3,134 USD	3,788	-	(262)
A	12-12-2018	215,000 INR	4,148	3,209 USD	3,788	-	(360)
A	10-24-2018	20,720 MXN	1,402	1,085 USD	1,425	23	-
A	12-13-2018	79,000 MXN	5,078	3,929 USD	5,392	314	-
A	01-31-2019	91,780 MXN	6,193	4,792 USD	6,218	25	-
A	03-13-2019	38,820 MXN	2,522	1,951 USD	2,613	91	-
A	10-18-2018	1,106 USD	1,429	1,180,000 KOR	1,374	55	-
A	03-20-2019	4,059 USD	5,246	4,350,000 KOR	5,092	154	-
A	03-21-2019	4,516 USD	5,836	5,050,000 KOR	5,912	-	(76)
						744	(1,122)

Note:

The following abbreviations are used in the above tables:

CAD – Canadian dollars

ARS – Argentina peso

BRL – Brazilian real

CNY – Chinese yuan

COP – Colombian peso

EUR – Euro

GBP – United Kingdom pounds

GHS – Ghana cedi

IDR – Indonesian rupiah

INR – Indian rupee

JPY – Japanese yen

KOR – South Korean won

MXN – Mexican peso

THB – Thailand baht

USD – United States dollars

Schedule of Derivative Instruments (continued)

as at September 30, 2018 (unaudited)

Schedule of Interest Rate Swaps

Counterparty credit rating	No. of contracts	Maturity date	Fund pays return on:	Fund receives return on:	Notional value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)	
A+	1	01-05-2028	Fixed interest at 2.42850%	Floating interest LIBOR BBA plus 1.63693%	2,326	131	-	
A+	1	01-05-2048	Fixed interest at 2.58500%	Floating interest LIBOR BBA plus 1.69693%	905	105	-	
A+	1	02-20-2048	Fixed interest at 2.97981%	Floating interest LIBOR BBA plus 1.85000%	269	8	-	
A+	1	02-22-2048	Fixed interest at 3.00200%	Floating interest LIBOR BBA plus 1.88494%	269	8	-	
A+	1	02-23-2048	Fixed interest at 3.01900%	Floating interest LIBOR BBA plus 1.89213%	269	8	-	
A	1	12-21-2027	Fixed interest at 2.4300%	Floating interest LIBOR BBA plus 1.61331%	5,298	257	-	
A	1	12-21-2047	Fixed interest at 2.59300%	Floating interest LIBOR BBA plus 1.61331%	2,197	230	-	
A+	1	04-25-2028	Fixed interest at 2.997500%	Floating interest LIBOR BBA plus 2.36156%	1,473	21	-	
A+	1	04-25-2048	Fixed interest at 3.02400%	Floating interest LIBOR BBA plus 2.36156%	3,321	4	-	
						774	-	
TOTAL DERIVATIVE ASSETS								1,518
TOTAL DERIVATIVE LIABILITIES								(1,122)

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

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2018 and 2017 (as applicable), except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2018. 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 (a) for series inception dates.

The Fund is organized as an open-ended unit 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, 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 unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgments and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2018. 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 November 13, 2018.

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

Financial instruments include financial assets and liabilities such as debt securities and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments.

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) Investments in underlying mutual funds

The Fund accounts for its holdings in underlying mutual funds at FVTPL. Counsel has concluded that the unlisted open-ended investment funds in which the Fund invests, do not meet the definition of structured entities.

(c) 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 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. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. 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.

(d) 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. Distributions from underlying mutual funds are recorded on the declaration date. Distributions of Canadian dividends are included in dividend income. Capital gains distributions from underlying funds are included in Net realized gains (losses). Other distributions are included in interest and other income. Realized gains or losses on the sale of 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.

(e) 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.

(f) 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.

NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) 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.

(h) 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.

(i) 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.

(j) 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. As at September 30, 2018 and March 31, 2018, there were no such differences.

(k) 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.

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.

Structured entities

Counsel is required to make significant judgments in determining whether certain investments meet the definition to be classified as a structured entity. In making this determination Counsel has assessed the characteristics of these underlying investments and has considered the contracts or financing arrangements with these investments, the ability to influence the activities of these underlying investments or the returns it receives from investing in these entities.

5. INCOME TAXES

The Fund is as a unit 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.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

6. MANAGEMENT FEES AND OPERATING EXPENSES

No management fee is charged to the Fund; Series Private Wealth of the Fund is charged an 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.

Such 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, 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 29, 2018 and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after October 29, 2018.

The Administration Fee is calculated for Series Private Wealth of the Fund as an annualized percentage of the daily net asset value of the series. Refer to Note 10 (a) for the Administration Fee rates charged to each series of securities. At its sole discretion, the Manager may waive 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 September 30, 2018 and March 31, 2018 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 (b).

NOTES TO INTERIM UNAUDITED 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 (b), 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.

Note 10 (c) 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. Note 10 (c) 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. Note 10 (c) 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. Note 10 (c) summarizes the Fund's exposure to other price risk, including indirect exposure through ETFs.

9. FURTHER INFORMATION

A copy of the Fund's current Annual Information Form, Management Report of Fund Performance, quarterly portfolio disclosures and proxy voting policies and 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.counsel services.com or by visiting www.sedar.com.

NOTES TO INTERIM UNAUDITED 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 (%)	Administration Fee (%)
Series O ^{1,4}	January 17, 2018	-	-	-
Series Private Wealth ^{2,4}	May 23, 2014	-	-	0.15
Series R ^{3,4}	May 23, 2014	-	-	-

¹ 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.

² 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.

³ This series is not available for sale and is held solely by Counsel.

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

(b) Investment Objectives and Strategies

The Fund seeks to achieve a high level of current income with the potential for capital appreciation. The Fund will invest, either directly or through securities of other mutual funds, primarily in fixed-income securities and preferred shares issued around the world. In December 2017, the Fund moved from investing in other to investing directly in securities. The Fund previously invested solely in Templeton Global Bond Fund (the "Underlying Fund").

(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 as a percentage of net assets.

September 30, 2018	
Argentina peso	2.9
Brazilian real	11.6
Colombian peso	5.5
Ghana cedi	1.8
Indian rupee	10.2
Indonesian rupiah	9.1
Mexican peso	21.1
Philippine peso	2.0
South Korean won	0.4
Thailand baht	10.1
United States dollars	23.8
	98.6
March 31, 2018	
Argentina peso	4.6
Brazilian real	8.9
Canadian dollars	13.5
Colombian peso	5.2
Ghana cedi	1.5
Indian rupee	8.8
Indonesian rupiah	8.0
Mexican peso	18.4
South Korean won	0.3
Thailand baht	8.1
United States dollars	22.6
	100.0

As at September 30, 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 \$6,612 or 4.9% of total net assets (March 31, 2018 – \$6,519 or 4.3% of total net assets). In practice, the actual trading results may differ and the difference could be material.

ii. Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity.

Bonds	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total
September 31, 2018	19.7%	28.9%	8.8%	-	57.4%
March 31, 2018	8.3%	37.3%	6.4%	-	52.0%

As at September 30, 2018, had the prevailing interest rates raised or lowered by 1.0%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have increased or decreased by approximately \$581 or 0.4% of total net assets. As at March 31, 2018, had the prevailing interest rates raised or lowered by 1.0%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$413 or 0.3% of total net assets. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the Fund's bond portfolio (including through the Underlying Fund). In practice, the actual trading results may differ and the difference could be material.

NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS

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

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

iii. Other Price Risk

As at September 30, 2018 and March 31, 2018, the Fund did not have a significant exposure to other price risk.

iv. Credit Risk

The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. As at September 30, 2018, the Fund's maximum exposure to any one debt issuer was 9.7% (March 31, 2018 – 8.8%).

The table below indicates the Fund's exposures to debt securities by credit rating as a percentage of net assets:

September 30, 2018	
AA	9.7
A	4.2
BBB	29.1
less than BBB	14.4
Total	57.4
March 31, 2018	
AA	8.5
A	9.9
BBB	17.3
less than BBB	13.5
Unrated	2.8
Total	52.0

Credit ratings are based on DBRS, Standard & Poor's or Moody's ratings.

(d) Loss Carryforwards

As at the last taxation year-end, \$594 of net capital losses and \$nil of non-capital losses were available to offset future taxable income.

(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 September 30, 2018	Level 1	Level 2	Level 3	Total
Fixed income	-	76,940	-	76,940
Mutual Funds	-	-	-	-
Cash equivalents	-	2,897	-	2,897
Derivative assets	-	1,518	-	1,518
Derivative liabilities	-	(1,122)	-	(1,122)
Total	-	80,233	-	80,233
as at March 31, 2018				
Fixed income	-	78,498	-	78,498
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Cash equivalents	-	-	-	-
Derivative assets	-	1,227	-	1,227
Derivative liabilities	-	(1,521)	-	(1,521)
Total	-	78,204	-	78,204

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.

COUNSEL | PORTFOLIO SERVICES

Client Services 180 Queen St. W., Toronto, ON M5V 3K1 • Toll-Free: 1-877-216-4979 • Fax: (416) 922-5660

Sales & Marketing 5015 Spectrum Way, Suite 300, Mississauga ON L4W 0E4 • Toll-Free: 1-877-625-9885 • Fax: 1-844-378-6247