

**COUNSEL | PORTFOLIO SERVICES**

# Counsel Money Market

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period ended September 30, 2018

Counsel Portfolio Services Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice. The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

**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
<b>Assets</b>		
<b>Current assets:</b>		
Investments at fair value	21,589	22,202
Cash	-	1
Accrued interest receivable	41	63
Dividends receivable	-	-
Accounts receivable for investments sold	-	-
Accounts receivable for securities issued	110	52
Accounts receivable from the Manager	-	-
Margin on derivative contracts	-	-
Derivative assets	-	-
Other assets	-	-
	21,740	22,318
<b>Non-current assets:</b>		
Taxes recoverable	-	-
Other assets	-	-
	-	-
<b>Total assets</b>	<b>21,740</b>	<b>22,318</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	2	-
Accounts payable for investments purchased	-	-
Accounts payable for securities redeemed	-	-
Dividends payable	11	8
Accrued expenses and miscellaneous payables	1	1
Dividends payable on investments sold short	-	-
Derivative liabilities	-	-
Taxes payable	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>14</b>	<b>9</b>
<b>Net assets attributable to securityholders</b>	<b>21,726</b>	<b>22,309</b>

**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2018	2017
<b>Income:</b>		
Dividends	-	-
Interest income	166	99
Net realized gain (loss)	-	-
Net unrealized gain (loss)	-	-
Income (loss) from derivatives	-	-
Income (loss) from short selling	-	-
Securities lending income	-	-
Trust income	-	-
<b>Total income</b>	<b>166</b>	<b>99</b>
<b>Expenses:</b>		
Management fees	86	118
Management fee rebates	-	-
Administration fees	16	21
Commissions and other portfolio transaction costs	-	-
Independent Review Committee costs	-	-
Interest and other charges	-	-
<b>Expenses before amounts absorbed by Manager</b>	<b>102</b>	<b>139</b>
Expenses absorbed by Manager	(1)	(63)
<b>Net expenses</b>	<b>101</b>	<b>76</b>
<b>Increase (decrease) in net assets attributable to securityholders</b>		
<b>from operations before tax</b>	<b>65</b>	<b>23</b>
Foreign withholding tax expense (recovery)	-	-
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
<b>Increase (decrease) in net assets attributable to securityholders</b>	<b>65</b>	<b>23</b>
<b>from operations</b>	<b>65</b>	<b>23</b>

	Net assets attributable to securityholders			
	per security		per series	
	Sept. 30 2018	Mar. 31 2018	Sept. 30 2018	Mar. 31 2018
Series A	10.00	10.00	16,448	16,194
Series C	10.00	10.00	2	850
Series F	10.00	10.00	927	857
Series I	10.00	10.00	907	1,434
Series O	10.00	10.00	3,442	2,974
			21,726	22,309

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2018	2017	2018	2017
Series A	0.02	0.01	27	12
Series C	0.04	0.01	-	-
Series F	0.03	0.01	3	1
Series I	0.07	0.03	10	2
Series O	0.08	0.04	25	8
			65	23

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

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

	TOTAL		SERIES A		SERIES C		SERIES F	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Net assets attributable to securityholders, beginning of period</b>	22,309	26,343	16,194	20,295	850	292	857	1,686
Increase (decrease) in net assets attributable to securityholders resulting from:								
<b>Operations</b>	65	23	27	12	-	-	3	1
<b>Distributions:</b>								
Income	(65)	(23)	(27)	(11)	-	-	(3)	(2)
Capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-
<b>Total distributions</b>	(65)	(23)	(27)	(11)	-	-	(3)	(2)
<b>Security transactions:</b>								
Proceeds from sale of securities	15,654	25,162	9,430	11,924	3,668	6,669	480	5,063
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	63	23	25	11	-	-	3	2
Payment on redemption of securities	(16,300)	(25,187)	(9,201)	(11,899)	(4,516)	(6,669)	(413)	(4,562)
<b>Total security transactions</b>	(583)	(2)	254	36	(848)	-	70	503
<b>Increase (decrease) in assets attributable to securityholders</b>	(583)	(2)	254	37	(848)	-	70	502
<b>Net assets attributable to securityholders, end of period</b>	21,726	26,341	16,448	20,332	2	292	927	2,188
<b>Increase (decrease) in securities (in thousands):</b>								
<b>Securities outstanding, beginning of period</b>			1,619.4	2,029.5	85.0	29.2	85.7	168.6
Add (deduct):								
Securities sold			943.0	1,192.5	366.8	666.9	48.0	506.2
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			2.5	1.1	-	-	0.3	0.2
Securities redeemed			(920.1)	(1,189.9)	(451.6)	(666.9)	(41.3)	(456.2)
<b>Securities outstanding, end of period</b>			1,644.8	2,033.2	0.2	29.2	92.7	218.8

	SERIES I		SERIES O	
	2018	2017	2018	2017
<b>Net assets attributable to securityholders, beginning of period</b>	1,434	1,980	2,974	2,090
Increase (decrease) in net assets attributable to securityholders resulting from:				
<b>Operations</b>	10	2	25	8
<b>Distributions:</b>				
Income	(10)	(1)	(25)	(9)
Capital gains	-	-	-	-
Return of capital	-	-	-	-
Management fee rebates	-	-	-	-
<b>Total distributions</b>	(10)	(1)	(25)	(9)
<b>Security transactions:</b>				
Proceeds from sale of securities	1,508	851	568	655
Proceeds from securities issued on merger	-	-	-	-
Reinvested from distributions	10	1	25	9
Payment on redemption of securities	(2,045)	(1,796)	(125)	(261)
<b>Total security transactions</b>	(527)	(944)	468	403
<b>Increase (decrease) in assets attributable to securityholders</b>	(527)	(943)	468	402
<b>Net assets attributable to securityholders, end of period</b>	907	1,037	3,442	2,492
<b>Increase (decrease) in securities (in thousands):</b>				
<b>Securities outstanding, beginning of period</b>	143.4	198.1	297.4	209.0
Add (deduct):				
Securities sold	150.8	85.0	56.8	65.4
Securities issued on merger	-	-	-	-
Reinvested from distributions	1.0	0.2	2.5	0.9
Securities redeemed	(204.5)	(179.6)	(12.5)	(26.1)
<b>Securities outstanding, end of period</b>	90.7	103.7	344.2	249.2

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

**STATEMENTS OF CASH FLOWS**

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

	2018	2017
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to securityholders from operations	65	23
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	-	-
Change in net unrealized loss (gain) on investments	-	-
Distributions received from Underlying Funds	-	-
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	172,246	183,554
Purchases of investments	(171,633)	(183,556)
(Increase) decrease in accounts receivable and other assets	22	(18)
Increase (decrease) in accounts payable and other liabilities	-	1
<b>Net cash provided by (used in) operating activities</b>	<b>700</b>	<b>4</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	15,596	25,153
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(16,300)	(25,160)
Distributions paid net of reinvestments	1	-
<b>Net cash provided by (used in) financing activities</b>	<b>(703)</b>	<b>(7)</b>
<b>Increase (decrease) in cash</b>	<b>(3)</b>	<b>(3)</b>
Cash (Bank indebtedness) at beginning of period	1	-
Effect of exchange rate fluctuations on cash	-	-
<b>Cash, end of period</b>	<b>(2)</b>	<b>(3)</b>
Cash	-	-
Bank indebtedness	(2)	(3)
	(2)	(3)
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received net of withholding taxes	-	-
Interest received	188	81
Interest paid	-	-
Income taxes paid (recovered)	-	-

**SCHEDULE OF INVESTMENTS**

as at September 30, 2018 (unaudited)

	Country	Sector	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS</b>					
Bank of Montreal F/R 03-30-2020	Canada	Corporate	600,000	600	600
The Bank of Nova Scotia F/R 08-27-2019	Canada	Corporate	1,150,000	1,150	1,150
BMW Canada Inc. F/R 06-14-2019	Germany	Corporate	340,000	340	340
Canadian Imperial Bank of Commerce F/R 01-17-2019	Canada	Corporate	1,295,000	1,295	1,295
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate	300,000	300	300
Daimler Canada Finance Inc. F/R 02-24-2020	Germany	Corporate	370,000	370	370
Honda Canada Finance Inc. F/R 02-19-2019	Canada	Corporate	300,000	300	300
Honda Canada Finance Inc. F/R 04-17-2020	Canada	Corporate	100,000	100	100
John Deere Canada Funding Inc. F/R 09-21-2020	United States	Corporate	200,000	200	200
National Bank of Canada F/R 06-11-2019	Canada	Corporate	1,000,000	1,000	1,000
Plaza Trust F/R 10-03-2018	Canada	Corporate	100,000	100	100
Province of Ontario F/R 12-03-2018	Canada	Provincial Governments	100,000	100	100
Royal Bank of Canada F/R 08-01-2019	Canada	Corporate	600,000	600	600
Storm King Funding F/R 03-18-2019	Canada	Corporate	150,000	150	150
The Toronto-Dominion Bank F/R 07-31-2019	Canada	Corporate	300,000	300	300
Toyota Credit Canada Inc. F/R 07-24-2020	Canada	Corporate	150,000	150	150
				7,055	7,055
<b>MONEY MARKET INSTRUMENTS</b>					
Bay Street Funding Trust 1.81% 11-16-2018	Canada	Corporate	200,000	199	199
Canadian Master Trust 1.92% 12-17-2018	Canada	Corporate	100,000	99	99
Enbridge Gas Distribution Inc. 1.81% 10-01-2018	Canada	Corporate	150,000	150	150
Government of Canada 1.43% 11-01-2018	Canada	Federal Government	4,000,000	3,993	3,993
Greater Toronto Airport Authority 1.75% 10-16-2018	Canada	Corporate	350,000	349	349
Inter Pipeline Fund 1.86% 11-14-2018	Canada	Corporate	150,000	150	150
OMERS Realty Corp. 1.76% 11-13-2018	Canada	Corporate	200,000	199	199
Province of Alberta 1.55% 10-01-2018	Canada	Provincial Governments	1,200,000	1,195	1,195
Province of Alberta 1.71% 12-11-2018	Canada	Provincial Governments	1,310,000	1,305	1,305
Province of New Brunswick 1.63% 11-01-2018	Canada	Provincial Governments	100,000	100	100
Province of Newfoundland 1.61% 10-04-2018	Canada	Provincial Governments	1,400,000	1,397	1,397
Province of Nova Scotia 1.54% 10-25-2018	Canada	Provincial Governments	100,000	100	100
Province of Prince Edward Island 1.65% 10-16-2018	Canada	Provincial Governments	3,930,000	3,919	3,919
Royal Bank of Canada 1.45% 10-01-2018	Canada	Corporate	1,179,000	1,179	1,179
Sound Trust 1.82% 11-09-2018	Canada	Corporate	100,000	100	100
Sure Trust 1.82% 11-09-2018	Canada	Corporate	100,000	100	100
				14,534	14,534
				21,589	21,589
<b>TOTAL INVESTMENTS</b>					
<b>Net Assets</b>					
Total investments					21,589
Other net assets (liabilities)					137
					21,726

**Schedule of Asset Composition**

at September 30, 2018

	% of net assets
<b>BY ASSET TYPE</b>	
Corporate	43.6
Provincial Governments	37.4
Federal Government	18.4
Other	0.6
<b>Total</b>	<b>100.0</b>
<b>COUNTRY ALLOCATION</b>	
Canada	95.2
Germany	3.3
United States	0.9
Other	0.6
<b>Total</b>	<b>100.0</b>

at March 31, 2018

	% of net assets
<b>BY ASSET TYPE</b>	
Corporate	40.2
Federal Government	29.7
Provincial Governments	29.6
Other	0.5
<b>Total</b>	<b>100.0</b>
<b>COUNTRY ALLOCATION</b>	
Canada	95.4
Germany	3.2
United States	0.9
Other	0.5
<b>Total</b>	<b>100.0</b>

**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 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 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. 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) 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 are valued at cost which, together with accrued interest, approximates fair value. The cost of investments is determined on a weighted average cost basis. Fair value of investments is determined based on 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.

The Fund's financial instruments carried at fair value are classified 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 and March 31, 2018, all investments were classified as Level 2. There were no significant transfers between Level 1 and Level 2 during the periods.

**(c) Income recognition**

Interest income from interest bearing investments is recognized using the effective interest method.

Income is allocated daily among the series on a pro-rata basis.

**(d) 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.

**(e) 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.

**(f) 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.

**(g) 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.

**(h) 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.

**NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS****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 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 31.

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 (d) 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 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, any new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after October 29, 2018 (the date of the Fund's last Simplified Prospectus).

The management fee and Administration Fee are calculated for each series of securities of the Fund as an annualized percentage of the daily net asset value of the series. Refer to Note 10 (a) 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 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).

**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). 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. Investments in money market securities will have terms to maturity of one year or less and the Fund's portfolio will have a dollar-weighted average term to maturity not exceeding 90 days. At least 95.0% of the portfolio will consist of cash and near-cash investments. Currently, the Fund has no intention to invest its assets in foreign securities. 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 0 securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds.

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, please refer to the amounts disclosed pertaining to Series 0 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 summarizes the Fund's exposure to credit risk pertaining to fixed income investments and derivatives.

**NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS****8. FINANCIAL INSTRUMENTS RISK (continued)****(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. Because the Fund does not invest in securities denominated in foreign currencies, it is not subject 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 does not expose the Fund to significant amounts of interest rate risk. Because the Fund invests in short-term securities, it is not subject to significant interest rate risk.

**(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. Because the Fund does not invest in equities, it is generally not subject to significant Other price risk.

**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 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.counselervices.com](http://www.counselervices.com) or by visiting [www.sedar.com](http://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 <sup>a</sup> (%)	Administration Fee <sup>b</sup> (%)
Series A <sup>1</sup>	February 15, 2000	1,000	0.95	0.16
Series C <sup>1</sup>	January 26, 2007	1,000	0.70	0.16
Series F <sup>2,3,7</sup>	November 27, 2009	1,000	0.70	0.15
Series I <sup>2,3,4,6</sup>	January 21, 2008	1,000	-	0.15
Series O <sup>3,5</sup>	January 13, 2016	-	-	-

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Securities of this series are not subject to sales charges or redemption charges.

<sup>4</sup> The management fee for this series is 0.70% and is payable directly to Counsel generally through the monthly redemption of securities.

<sup>5</sup> 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.

<sup>6</sup> Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

<sup>7</sup> Prior to October 27, 2017, this series was called Series D.

**(b) Investment Objectives and Strategies**

The investment portfolio is comprised primarily of high-quality short-term Canadian money market securities and floating rate notes. The Fund's sub-advisor selects investments that include short-term debt issued or guaranteed by federal, provincial or municipal governments, promissory notes, non-government obligations issued by chartered banks and commercial paper issued by corporations.

**(c) Risks Associated with Financial Instruments****Credit Risk**

The Fund's greatest concentration of credit risk is in short-term debt securities. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

As at September 30, 2018, the maximum exposure to any one debt issuer was 18.4% of net assets (March 31, 2018 – 5.8%).

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

September 30, 2018	
R1 (High)	58.3
R1 (Mid)	9.4
R1 (Low)	31.7
Total	99.4
March 31, 2018	
R1 (High)	54.3
R1 (Mid)	40.5
R1 (Low)	4.7
Total	99.5

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

**(d) Loss Carryforwards**

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



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