

COUNSEL | PORTFOLIO SERVICES

Counsel Global Low Volatility Equity

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	57,729	44,840
Cash and cash equivalents	368	1,171
Accrued interest receivable	-	-
Dividends receivable	149	152
Accounts receivable for investments sold	-	-
Accounts receivable for securities issued	284	91
Accounts receivable from the Manager	-	-
Margin with broker	-	-
Derivative assets	-	-
Other assets	-	-
	58,530	46,254
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	58,530	46,254
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	-	-
Accounts payable for securities redeemed	115	92
Distributions payable	-	-
Accrued expenses and miscellaneous payables	-	-
Dividends payable on investments sold short	-	-
Derivative liabilities	-	-
Taxes payable	-	-
Other liabilities	-	-
Total liabilities	115	92
Net assets attributable to securityholders	58,415	46,162

	Net assets attributable to securityholders			
	per security		per series	
	Sept. 30 2018	Mar. 31 2018	Sept. 30 2018	Mar. 31 2018
Series O	11.11	10.46	58,414	46,161
Series R	11.11	10.46	1	1
			58,415	46,162

STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017
Income:		
Dividends	842	514
Interest and other income	4	-
Net realized gain (loss)	967	598
Net unrealized gain (loss)	2,095	(1,176)
Income (loss) from derivatives	-	-
Income (loss) from short selling	-	-
Securities lending income	2	1
Trust income	1	-
Total income	3,911	(63)
Expenses:		
Management fees	-	-
Management fee rebates	-	-
Administration fees	-	-
Commissions and other portfolio transaction costs	20	13
Independent Review Committee costs	-	-
Interest and other charges	2	-
Expenses before amounts absorbed by Manager	22	13
Expenses absorbed by Manager	-	-
Net expenses	22	13
Increase (decrease) in net assets attributable to securityholders		
from operations before tax	3,889	(76)
Foreign withholding tax expense (recovery)	131	64
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
Increase (decrease) in net assets attributable to securityholders		
from operations	3,758	(140)

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2018	2017	2018	2017
Series O	0.79	(0.03)	3,758	(140)
Series R	0.79	(0.03)	-	-
			3,758	(140)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	TOTAL		SERIES O		SERIES R	
	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	46,162	30,149	46,161	30,148	1	1
Increase (decrease) in net assets attributable to securityholders resulting from:						
Operations	3,758	(140)	3,758	(140)	-	-
Distributions:						
Income	(591)	(478)	(591)	(478)	-	-
Capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-
Total distributions	(591)	(478)	(591)	(478)	-	-
Security transactions:						
Proceeds from sale of securities	9,950	7,613	9,950	7,613	-	-
Proceeds from securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	591	478	591	478	-	-
Payment on redemption of securities	(1,455)	(1,901)	(1,455)	(1,901)	-	-
Total security transactions	9,086	6,190	9,086	6,190	-	-
Increase (decrease) in assets attributable to securityholders	12,253	5,572	12,253	5,572	-	-
Net assets attributable to securityholders, end of period	58,415	35,721	58,414	35,720	1	1
Increase (decrease) in securities (in thousands):						
Securities outstanding, beginning of period			4,415.3	2,889.1	0.1	0.1
Add (deduct):						
Securities sold			921.7	733.7	-	-
Securities issued on merger			-	-	-	-
Reinvested from distributions			54.3	45.9	-	-
Securities redeemed			(133.4)	(182.2)	-	-
Securities outstanding, end of period			5,257.9	3,486.5	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	3,758	(140)
Less non-cash impact of:		
Net realized loss (gain) on investments	(967)	(598)
Change in net unrealized loss (gain) on investments	(2,095)	1,176
Distributions received from Underlying Funds	-	-
Adjustments for:		
Proceeds from sale and maturity of investments	23,153	12,809
Purchases of investments	(32,980)	(18,510)
(Increase) decrease in accounts receivable and other assets	3	(5)
Increase (decrease) in accounts payable and other liabilities	-	-
Net cash provided by (used in) operating activities	(9,128)	(5,268)
Cash flows from financing activities:		
Proceeds from securities issued	9,757	7,667
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(1,432)	(1,910)
Distributions paid net of reinvestments	-	-
Net cash provided by (used in) financing activities	8,325	5,757
Increase (decrease) in cash and cash equivalents	(803)	489
Cash and cash equivalents at beginning of period	1,171	255
Effect of exchange rate fluctuations on cash and cash equivalents	-	-
Cash and cash equivalents, end of period	368	744
Cash	368	744
Cash equivalents	-	-
Bank indebtedness	-	-
	368	744

Supplementary disclosures on cash flow from operating activities:

Dividends received net of withholding taxes	714	445
Interest received net of withholding taxes	4	-
Interest paid	2	-
Income taxes paid (recovered)	-	-

SCHEDULE OF INVESTMENTS

as at September 30, 2018 (unaudited)

	Country	Sector	No. of Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES					
Admiral Group PLC	United Kingdom	Financials	2,877	98	101
Aetna Inc.	United States	Health Care	516	120	135
Aflac Inc.	United States	Financials	11,586	619	705
AGNC Investment Corp.	United States	Financials	19,832	502	477
Agnico-Eagle Mines Ltd.	Canada	Materials	1,971	111	87
Allianz SE Reg.	Germany	Financials	440	130	127
Alphabet Inc. Class A	United States	Information Technology	142	194	222
Altria Group Inc.	United States	Consumer Staples	9,565	794	745
Amadeus IT Group SA	Spain	Information Technology	3,155	324	379
Amazon.com Inc.	United States	Consumer Discretionary	90	190	233
Annaly Capital Management Inc.	United States	Financials	41,735	592	552
Apple Inc.	United States	Information Technology	2,821	496	823
Astellas Pharma Inc.	Japan	Health Care	30,400	565	685
AstraZeneca PLC	United Kingdom	Health Care	578	55	58
AT&T Inc.	United States	Telecommunication Services	24,317	1,109	1,054
Athene Holding Ltd.	United States	Financials	4,229	259	282
Atos Origin	France	Information Technology	1,081	187	166
Auto Trader Group PLC	United Kingdom	Information Technology	8,267	54	62
Barrick Gold Corp.	Canada	Materials	16,271	346	233
The Berkeley Group Holdings PLC	United Kingdom	Consumer Discretionary	3,044	191	189
Best Buy Co. Inc.	United States	Consumer Discretionary	5,211	388	534
The Boeing Co.	United States	Industrials	1,487	689	715
Bristol-Myers Squibb Co.	United States	Health Care	10,089	774	809
Caltex Australia Ltd.	Australia	Energy	3,974	125	111
Campbell Soup Co.	United States	Consumer Staples	8,321	424	394
Canon Inc.	Japan	Information Technology	12,600	553	517
Centrica PLC	United Kingdom	Utilities	106,179	340	277
Chevron Corp.	United States	Energy	4,118	608	651
CI Financial Corp.	Canada	Financials	16,022	419	329
Cigna Corp.	United States	Health Care	2,970	680	799
CK Asset Holdings Ltd.	Hong Kong	Real Estate	13,500	138	131
CLP Holdings Ltd.	Hong Kong	Utilities	15,500	204	235
Colruyt SA	Belgium	Consumer Staples	894	64	65
ComfortDelGro Corp. Ltd.	Singapore	Industrials	38,900	89	89
ConocoPhillips	United States	Energy	6,835	594	684
Covestro AG	Germany	Materials	1,161	136	122
CSL Ltd.	Australia	Health Care	612	80	115
Cummins Inc.	United States	Industrials	2,293	437	433
CVS Health Corp.	United States	Health Care	1,461	148	149
Daito Trust Construction Co. Ltd.	Japan	Real Estate	2,100	431	349
Dassault Systemes SA	France	Information Technology	902	159	174
Deutsche Boerse AG	Germany	Financials	1,871	272	324
Deutsche Lufthansa AG Reg.	Germany	Industrials	15,204	498	483
Diageo PLC	United Kingdom	Consumer Staples	14,473	636	663
Eli Lilly and Co.	United States	Health Care	2,531	278	351
Entergy Corp.	United States	Utilities	551	57	58
Eutelsat Communications SA	France	Consumer Discretionary	2,608	76	80
Exelon Corp.	United States	Utilities	13,245	634	747
Express Scripts Holding Co.	United States	Health Care	6,791	623	833
Exxon Mobil Corp.	United States	Energy	6,468	709	711
Fortescue Metals Group Ltd.	Australia	Materials	59,584	292	218
Franco-Nevada Corp.	Canada	Materials	2,589	227	209
FUJIFILM Holdings Corp.	Japan	Information Technology	4,900	245	285
Fujitsu Ltd.	Japan	Information Technology	3,800	329	350
The Gap Inc.	United States	Consumer Discretionary	4,763	190	178
General Motors Co.	United States	Consumer Discretionary	13,795	679	600
Gilead Sciences Inc.	United States	Health Care	7,785	757	777
GlaxoSmithKline PLC	United Kingdom	Health Care	26,075	673	675
H. Lundbeck AS	Denmark	Health Care	632	54	50
Hang Seng Bank Ltd.	Hong Kong	Financials	4,600	133	161
HCA Holdings Inc.	United States	Health Care	5,107	560	917
HollyFrontier Corp.	United States	Energy	6,813	649	615
Hong Kong Exchanges and Clearing Ltd.	Hong Kong	Financials	15,762	561	583
HP Inc.	United States	Information Technology	2,061	45	69
Humana Inc.	United States	Health Care	852	327	373
Imperial Brands PLC	United Kingdom	Consumer Staples	10,366	496	466
Intel Corp.	United States	Information Technology	6,591	333	403
International Business Machines Corp.	United States	Information Technology	3,639	733	711
Japan Airlines Co. Ltd.	Japan	Industrials	8,100	355	376
Japan Tobacco Inc.	Japan	Consumer Staples	17,800	760	601
Johnson & Johnson	United States	Health Care	4,296	687	767
Kajima Corp.	Japan	Industrials	10,000	269	188

SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2018 (unaudited)

	Country	Sector	No. of Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES (continued)					
Kellogg Co.	United States	Consumer Staples	8,584	719	777
Kohl's Corp.	United States	Consumer Discretionary	1,670	103	161
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples	20,350	611	603
The Kroger Co.	United States	Consumer Staples	14,755	567	555
L'Oréal	France	Consumer Staples	276	79	86
LyondellBasell Industries NV Class A	United States	Materials	3,102	396	411
Magna International Inc.	Canada	Consumer Discretionary	3,065	184	208
Marine Harvest ASA	Norway	Consumer Staples	8,937	215	268
Mastercard Inc. Class A	United States	Information Technology	2,756	547	793
McKesson Corp.	United States	Health Care	2,507	454	430
Medibank Private Ltd.	Australia	Financials	22,081	68	60
Merck & Co. Inc.	United States	Health Care	8,601	672	789
Michael Kors Holdings Ltd.	United States	Consumer Discretionary	7,353	561	651
Microsoft Corp.	United States	Information Technology	2,168	240	320
Mitsubishi Tanabe Pharma Corp.	Japan	Health Care	6,000	154	130
Mizrahi Tefahot Bank Ltd.	Israel	Financials	5,887	123	133
Nestle SA Reg.	Switzerland	Consumer Staples	6,896	695	743
Newmont Mining Corp.	United States	Materials	13,596	632	531
Nippon Telegraph & Telephone Corp. (NTT)	Japan	Telecommunication Services	1,900	114	111
Northern Trust Corp.	United States	Financials	4,553	536	601
Novo Nordisk AS B	Denmark	Health Care	9,932	567	604
Obayashi Corp.	Japan	Industrials	10,800	178	132
Occidental Petroleum Corp.	United States	Energy	497	53	53
Omnicom Group Inc.	United States	Consumer Discretionary	562	52	49
PepsiCo Inc.	United States	Consumer Staples	5,284	737	763
Pfizer Inc.	United States	Health Care	14,784	672	842
Philip Morris International Inc.	United States	Consumer Staples	6,611	802	697
PPL Corp.	United States	Utilities	13,478	628	510
The Procter & Gamble Co.	United States	Consumer Staples	7,132	770	767
Public Storage	United States	Real Estate	2,559	717	667
Qantas Airways Ltd.	Australia	Industrials	29,628	174	163
Raytheon Co.	United States	Industrials	1,144	313	306
RioCan Real Estate Investment Trust	Canada	Real Estate	2,534	61	63
Roche Holding AG Genussscheine	Switzerland	Health Care	2,342	723	733
Royal Dutch Shell PLC Class A	Netherlands	Energy	103	4	5
Royal Dutch Shell PLC Class B	Netherlands	Energy	8,058	337	365
RWE AG	Germany	Utilities	15,168	455	484
Sanofi	France	Health Care	4,723	571	542
SAP AG	Germany	Information Technology	4,667	660	742
Shionogi & Co. Ltd.	Japan	Health Care	6,000	425	507
Simon Property Group Inc.	United States	Real Estate	2,025	427	463
Singapore Airlines Ltd.	Singapore	Industrials	37,900	376	349
Spark New Zealand Ltd.	New Zealand	Telecommunication Services	128,021	424	444
SSE PLC	United Kingdom	Utilities	4,145	101	80
Statoil ASA	Norway	Energy	12,033	403	438
Subaru Corp.	Japan	Consumer Discretionary	10,300	419	408
Suncor Energy Inc.	Canada	Energy	11,415	550	571
Taisei Corp.	Japan	Industrials	3,400	220	200
Target Corp.	United States	Consumer Discretionary	6,997	614	798
Telstra Corp. Ltd.	Australia	Telecommunication Services	99,714	278	297
The TJX Companies Inc.	United States	Consumer Discretionary	4,961	524	718
The Toronto-Dominion Bank	Canada	Financials	8,893	680	698
Toshiba Corp.	Japan	Industrials	8,600	313	321
United Overseas Bank Ltd.	Singapore	Financials	19,028	397	487
United Therapeutics Corp.	United States	Health Care	402	66	66
UnitedHealth Group Inc.	United States	Health Care	172	44	59
Universal Health Services Inc. Class B	United States	Health Care	2,701	410	446
Valero Energy Corp.	United States	Energy	2,639	243	388
Vanguard MSCI EAFE ETF	Multinational	Exchange Traded Funds	9,820	551	549
Vanguard S&P 500 ETF	United States	Exchange Traded Funds	2,386	829	823
Verizon Communications Inc.	United States	Telecommunication Services	10,818	707	746
Vestas Wind Systems AS	Denmark	Industrials	1,738	153	152
Viacom Inc. Class B	United States	Consumer Discretionary	2,678	105	117
Visa Inc. Class A	United States	Information Technology	2,876	426	558
Wal-Mart Stores Inc.	United States	Consumer Staples	6,334	646	769

SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2018 (unaudited)

	Country	Sector	No. of Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES (continued)					
The Walt Disney Co.	United States	Consumer Discretionary	1,029	137	156
The Wharf Holdings Ltd.	Hong Kong	Real Estate	16,000	66	56
Woodside Petroleum Ltd.	Australia	Energy	9,107	291	328
Woolworths Ltd.	Australia	Consumer Staples	2,651	67	70
				54,589	57,729
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS				(31)	-
TOTAL INVESTMENTS				<u>54,558</u>	<u>57,729</u>
Net Assets:					
Total investments					57,729
Cash and cash equivalents					368
Other net assets (liabilities)					318
					<u>58,415</u>

Schedule of Asset Composition

The effective allocation shows the regional or sector exposure of the Fund calculated by including the Fund's proportionate share of its holdings in index participation units and derivatives.

at September 30, 2018

	% of net assets
BY ASSET TYPE	
Equities	96.5
Exchange Traded Funds	2.3
Cash and cash equivalents	0.6
Other	0.6
Total	100.0

EFFECTIVE SECTOR ALLOCATION

Health Care	21.9
Consumer Staples	15.7
Information Technology	11.7
Financials	10.0
Consumer Discretionary	9.0
Energy	8.6
Industrials	7.0
Telecommunication Services	4.7
Utilities	4.2
Materials	3.2
Real Estate	3.0
Cash and cash equivalents	0.6
Other	0.4
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

United States	61.8
Europe ex U.K.	13.6
Japan	9.2
Pacific ex Japan	6.8
United Kingdom	4.5
Canada	4.2
Middle East and Africa	0.2
Cash and cash equivalents	0.6
Total	100.9

at March 31, 2018

	% of net assets
BY ASSET TYPE	
Equities	90.9
Exchange Traded Funds	6.3
Cash and cash equivalents	2.5
Other	0.3
Total	100.0

EFFECTIVE SECTOR ALLOCATION

Health Care	19.5
Consumer Staples	14.9
Financials	12.5
Consumer Discretionary	10.6
Information Technology	10.3
Energy	7.5
Industrials	6.3
Utilities	4.7
Telecommunication Services	3.9
Materials	3.8
Real Estate	3.1
Cash and cash equivalents	2.5
Other	0.4
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

United States	59.0
Europe ex U.K.	11.7
Japan	8.7
Pacific ex Japan	8.4
United Kingdom	4.7
Canada	4.6
Middle East and Africa	0.4
Cash and cash equivalents	2.5
Total	100.0

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 and equity 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) 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 INTERIM UNAUDITED 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. As at September 30, 2018 and March 31, 2018, there were no such differences.

(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.

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 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 or operating expenses, other than certain specific fund costs, are charged to the Fund

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.

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 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 (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 unless otherwise noted

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

Series	Date of Inception	Minimum Investment (\$)	Management Fee (%)	Administration Fee (%)
Series O ^{1,3}	January 7, 2016	-	-	-
Series R ^{2,3}	January 7, 2016	-	-	-

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

³ Securities of this series are not subject to sales charges or redemption charges.

(b) Investment Objectives and Strategies

The Fund seeks to provide long-term capital growth by investing, either directly or indirectly through other investment funds and/or derivatives such as futures, in equity securities of companies around the world, while seeking to reduce absolute volatility. The Fund invests primarily with a focus on companies and/or sectors that are believed to have lower sensitivity to broader market movements.

The Fund is not available to retail investors and is only available to other institutional investors (primarily other Counsel Funds).

(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.

September 30, 2018				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	1,362	12	-	1,374
Euro	4,746	-	-	4,746
Hong Kong dollars	1,166	-	-	1,166
Japanese yen	5,161	-	-	5,161
Swiss franc	1,476	1	-	1,477
United Kingdom pounds	2,570	5	-	2,575
United States dollars	35,836	(30)	-	35,806
Other currencies	3,014	3	-	3,017
Total	55,331	(9)	-	55,322
As percent of net assets (%)				94.7

March 31, 2018				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	1,431	1	-	1,432
Euro	3,215	-	-	3,215
Hong Kong dollars	1,208	-	-	1,208
Japanese yen	3,725	8	-	3,733
Swiss franc	1,032	-	-	1,032
United Kingdom pounds	1,961	-	-	1,961
United States dollars	28,396	17	-	28,413
Other currencies	1,959	7	-	1,966
Total	42,927	33	-	42,960
As percent of net assets (%)				93.1

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 \$2,766 or 4.7% of total net assets (March 31, 2018 – \$2,148 or 4.7% of total net assets). In practice, the actual trading results may differ and the difference could be material.

ii. Interest Rate Risk

As at September 30, 2018 and March 31, 2018, 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 September 30, 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 \$5,773 or 9.9% of total net assets (March 31, 2018 – \$4,484 or 9.7% of total net assets). In practice, the actual trading results may differ and the difference could be material.

iv. Credit Risk

As at September 30, 2018 and March 31, 2018, 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 loss carryforwards available to offset future taxable income.

NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS

All figures stated in \$000s of Canadian dollars 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 September 30, 2018	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Mutual Funds	-	-	-	-
Equities	57,729	-	-	57,729
Cash equivalents	-	-	-	-
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	57,729	-	-	57,729

as at March 31, 2018	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Mutual Funds	-	-	-	-
Equities	33,920	10,920	-	44,840
Cash equivalents	-	-	-	-
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	33,920	10,920	-	44,840

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 period, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices).

As of September 30, 2018, these securities were generally classified as Level 1 (March 31, 2018 – Level 2). Other than as described above, there were no significant transfers between Level 1 and Level 2.

(f) Securities Lending

as at	Value of securities loaned	Value of collateral received
September 30, 2018	1,754	1,853
March 31, 2018	1,299	1,351

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended September 30, 2018 and 2017 is presented below:

for the six-month period ended September 30	Amount (\$)		Percentage of Total Amount (%)	
	2018	2017	2018	2017
Gross Securities Lending Income	3	1	100.0	100.0
Securities Lending Agent fees	(1)	-	(33.3)	-
Securities Lending Income to the Fund before Withholdings Taxes	2	1	66.7	100.0
Withholding Taxes	-	-	-	-
Securities Lending Income	2	1	66.7	100.0

(g) Investments in related parties

Counsel is an indirect subsidiary of IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

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