

COUNSEL | PORTFOLIO SERVICES

Counsel Canadian Core 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	258,149	267,061
Cash and cash equivalents	900	29,087
Accrued interest receivable	1,806	1,674
Dividends receivable	-	-
Accounts receivable for investments sold	580	345
Accounts receivable for securities issued	328	181
Accounts receivable from the Manager	-	-
Margin with broker	185	403
Derivative assets	1,008	107
Other assets	-	-
	<u>262,956</u>	<u>298,858</u>
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	262,956	298,858
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	609	22,991
Accounts payable for securities redeemed	296	591
Distributions payable	-	-
Accrued expenses and miscellaneous payables	-	-
Dividends payable on investments sold short	-	-
Derivative liabilities	1	263
Taxes payable	-	-
Other liabilities	-	-
Total liabilities	906	23,845
Net assets attributable to securityholders	262,050	275,013

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	3,724	463
Net realized gain (loss)	(1,286)	108
Net unrealized gain (loss)	(2,658)	(803)
Income (loss) from derivatives	(122)	(41)
Income (loss) from short selling	-	-
Securities lending income	11	1
Trust income	-	-
Total income	(331)	(272)
Expenses:		
Management fees	-	-
Management fee rebates	-	-
Administration fees	-	-
Commissions and other portfolio transaction costs	2	-
Independent Review Committee costs	-	-
Interest and other charges	-	-
Expenses before amounts absorbed by Manager	2	-
Expenses absorbed by Manager	-	-
Net expenses	2	-
Increase (decrease) in net assets attributable to securityholders		
from operations before tax	(333)	(272)
Foreign withholding tax expense (recovery)	5	-
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
Increase (decrease) in net assets attributable to securityholders	(338)	(272)
from operations	(338)	(272)

Net assets attributable to securityholders

	per security		per series	
	Sept. 30	Mar. 31	Sept. 30	Mar. 31
	2018	2018	2018	2018
Series O	9.87	10.01	262,049	275,012
Series R	9.87	10.01	1	1
			<u>262,050</u>	<u>275,013</u>

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

	per security		per series	
	2018	2017	2018	2017
	2018	2017	2018	2017
Series O	(0.02)	(0.05)	(338)	(272)
Series R	(0.02)	(0.05)	-	-
			<u>(338)</u>	<u>(272)</u>

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	275,013	33,000	275,012	32,999	1	1
Increase (decrease) in net assets attributable to securityholders resulting from:						
Operations	(338)	(272)	(338)	(272)	-	-
Distributions:						
Income	(3,579)	(409)	(3,579)	(409)	-	-
Capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-
Total distributions	(3,579)	(409)	(3,579)	(409)	-	-
Security transactions:						
Proceeds from sale of securities	13,410	12,325	13,410	12,325	-	-
Proceeds from securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	3,579	409	3,579	409	-	-
Payment on redemption of securities	(26,035)	(2,283)	(26,035)	(2,283)	-	-
Total security transactions	(9,046)	10,451	(9,046)	10,451	-	-
Increase (decrease) in assets attributable to securityholders	(12,963)	9,770	(12,963)	9,770	-	-
Net assets attributable to securityholders, end of period	262,050	42,770	262,049	42,769	1	1
Increase (decrease) in securities (in thousands):						
Securities outstanding, beginning of period			27,463.9	3,262.5	0.1	0.1
Add (deduct):						
Securities sold			1,349.4	1,215.6	-	-
Securities issued on merger			-	-	-	-
Reinvested from distributions			360.8	40.4	-	-
Securities redeemed			(2,619.6)	(224.4)	-	-
Securities outstanding, end of period			26,554.5	4,294.1	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	(338)	(272)
Less non-cash impact of:		
Net realized loss (gain) on investments	1,286	(108)
Change in net unrealized loss (gain) on investments	2,658	803
Distributions received from Underlying Funds	-	-
Adjustments for:		
Proceeds from sale and maturity of investments	138,851	27,972
Purchases of investments	(157,606)	(39,948)
(Increase) decrease in accounts receivable and other assets	26	(58)
Increase (decrease) in accounts receivable and other liabilities	5	-
Net cash provided by (used in) operating activities	(15,118)	(11,611)
Cash flows from financing activities:		
Proceeds from securities issued	13,263	12,302
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(26,330)	(2,294)
Distributions paid net of reinvestments	-	-
Net cash provided by (used in) financing activities	(13,067)	10,008
Increase (decrease) in cash and cash equivalents	(28,185)	(1,603)
Cash and cash equivalents at beginning of period	29,087	2,393
Effect of exchange rate fluctuations on cash and cash equivalents	(2)	(1)
Cash and cash equivalents, end of period	900	789
Cash	900	789
Cash equivalents	-	-
Bank indebtedness	-	-
	900	789

Supplementary disclosures on cash flow from operating activities:

Dividends received net of withholding taxes	-	-
Interest received net of withholding taxes	3,587	389
Interest paid	-	-
Income taxes paid (recovered)	-	-

SCHEDULE OF INVESTMENTS

as at September 30, 2018 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
BONDS						
407 International Inc. 3.43% 06-01-2033 MTN	Canada	Corporate		950,000	972	942
407 International Inc. 3.60% 05-21-2047 Callable	Canada	Corporate		1,020,000	1,034	995
407 International Inc. 3.72% 05-11-2048 Callable 2047	Canada	Corporate		650,000	650	648
AbbVie Inc. 3.75% 11-14-2023 Callable 2023	United States	Corporate	USD	90,000	117	116
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Netherlands	Corporate	USD	350,000	436	436
AerCap Ireland Capital Designated Activity Co. 4.45% 10-01-2025 Callable 2025	Ireland	Corporate	USD	190,000	248	244
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate		130,000	128	123
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate		50,000	50	48
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate		710,000	757	738
Algonquin Power & Utilities Corp. 4.09% 02-17-2027 Callable	Canada	Corporate		550,000	562	548
Allied Properties Real Estate Investment Trust 3.93% 11-14-2022 Series B	Canada	Corporate		180,000	182	182
Allied Properties Real Estate Investment Trust 3.64% 04-21-2025 Callable 2025	Canada	Corporate		60,000	60	58
AltaGas Ltd. 3.72% 09-28-2021 Callable	Canada	Corporate		140,000	148	142
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate		1,050,000	1,069	1,036
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate		1,117,000	1,158	1,116
Anheuser-Busch InBev Finance Inc. 3.30% 02-01-2023 Callable 2022	Belgium	Corporate	USD	220,000	291	281
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate		790,000	772	755
APT Pipelines Ltd. 4.20% 03-23-2025 Callable 2024 144A	Australia	Corporate	USD	1,000,000	1,284	1,280
Aroundtown SA 4.63% 09-18-2025 Callable 2025	Germany	Corporate		380,000	378	378
Artis Real Estate Investment Trust 3.75% 03-27-2019	Canada	Corporate		60,000	60	60
AT&T Inc. 3.83% 11-25-2020 Series MPLE	United States	Corporate		1,740,000	1,805	1,770
AT&T Inc. 4.00% 11-25-2025 Callable 2025	United States	Corporate		730,000	731	729
Aviva PLC 4.50% 05-10-2021	United Kingdom	Corporate		100,000	106	103
Bank of America Corp. 3.23% 06-22-2022 Series MPLE	United States	Corporate		640,000	648	640
Bank of America Corp. 3.30% 04-24-2024 Callable 2023	United States	Corporate		450,000	450	447
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate		1,400,000	1,413	1,383
Bank of Montreal 2.27% 07-11-2022 DPNT	Canada	Corporate		2,620,000	2,587	2,555
Bank of Montreal 2.89% 06-20-2023	Canada	Corporate		580,000	580	575
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate		1,610,000	1,598	1,570
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate		80,000	82	80
Bank of Montreal 3.19% 03-01-2028	Canada	Corporate		510,000	506	504
Bank of Montreal F/R 12-15-2032 Callable 2027	Canada	Corporate	USD	80,000	103	97
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate		150,000	149	145
The Bank of Nova Scotia 1.83% 04-27-2022	Canada	Corporate		690,000	671	663
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate		1,980,000	1,956	1,929
The Bank of Nova Scotia 2.98% 04-17-2023	Canada	Corporate		2,030,000	2,033	2,022
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate		1,380,000	1,341	1,317
The Bank of Nova Scotia F/R 04-12-2066 Callable 2022	Canada	Corporate	USD	175,000	217	212
bcIMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate		230,000	233	223
Bell Canada 2.70% 02-27-2024 Callable	Canada	Corporate		1,170,000	1,150	1,128
Bell Canada 3.60% 09-29-2027 Callable MTN	Canada	Corporate		770,000	774	757
Bell Canada 3.80% 08-21-2028 Callable 2028	Canada	Corporate		690,000	686	683
Bell Canada 4.45% 02-27-2047 Callable	Canada	Corporate		500,000	505	493
BP Capital Markets PLC 3.47% 05-15-2025	United Kingdom	Corporate		520,000	520	519
Brookfield Infrastructure Finance ULC 4.20% 09-11-2028 Callable 2018	Canada	Corporate		470,000	470	464
Brookfield Renewable Energy Partners ULC 3.75% 06-02-2025 Callable 2025	Canada	Corporate		870,000	888	865
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate		730,000	729	709
Brookfield Renewable Partners ULC 4.25% 01-15-2029 Callable 2028	Canada	Corporate		440,000	440	440
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate		1,110,000	1,120	1,102
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate		900,000	895	876
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate		340,000	350	344
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government		1,590,000	1,589	1,572
Canada Housing Trust No. 1 F/R 09-15-2023	Canada	Federal Government		12,100,000	12,085	12,103
Canadian Credit Card Trust II 1.83% 03-24-2020	Canada	Corporate		1,200,000	1,193	1,184
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate		2,150,000	2,135	2,104
Canadian Imperial Bank of Commerce 2.97% 07-11-2023	Canada	Corporate		3,050,000	3,050	3,034
Canadian Imperial Bank of Commerce 3.00% 10-28-2024 Callable 2019	Canada	Corporate		1,060,000	1,071	1,062
Canadian Imperial Bank of Commerce 3.30% 05-26-2025	Canada	Corporate		240,000	240	241
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate		1,440,000	1,467	1,447
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate		430,000	430	426
Canadian National Railway Co. 3.60% 07-31-2048 Callable 2048	Canada	Corporate		1,320,000	1,300	1,284
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate		700,000	705	699
Canadian Western Bank 2.75% 06-29-2020 DPNT	Canada	Corporate		290,000	290	289
Canadian Western Bank 2.74% 06-16-2022 DPNT	Canada	Corporate		40,000	40	39
Canadian Western Bank 2.92% 12-15-2022	Canada	Corporate		380,000	377	374
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate		1,650,000	1,674	1,650
Cards II Trust 2.16% 10-15-2020	Canada	Corporate		1,200,000	1,201	1,183
CCL Industries Inc. 3.86% 04-13-2028 Callable 2028	Canada	Corporate		330,000	330	328
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate		160,000	160	160
Central 1 Credit Union 2.60% 11-07-2022	Canada	Corporate		60,000	60	58
Charter Communications Operating LLC 4.50% 02-01-2024 Callable 2024	United States	Corporate	USD	340,000	450	442
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate		100,000	100	100
Chartwell Retirement Residences 4.21% 04-28-2025 Callable 2025	Canada	Corporate		160,000	160	161
CHIP Mortgage Trust 2.98% 11-15-2021	Canada	Corporate		20,000	20	20
Choice Properties Real Estate Investment Trust 4.06% 11-24-2025 Callable	Canada	Corporate		1,110,000	1,144	1,117
Choice Properties Real Estate Investment Trust 4.18% 03-08-2028 Callable 2027	Canada	Corporate		480,000	480	478

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

SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2018 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
BONDS (continued)						
CI Financial Corp. 3.52% 07-20-2023 Callable 2023	Canada	Corporate		280,000	280	277
Citigroup Inc. 4.09% 06-09-2025 Series MPLE	United States	Corporate		770,000	790	774
CU Inc. 3.96% 07-27-2045 Callable	Canada	Corporate		20,000	22	21
CU Inc. 3.76% 11-19-2046 Callable 2046	Canada	Corporate		40,000	40	40
Eagle Credit Card Trust 2.15% 09-17-2020	Canada	Corporate		200,000	204	197
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate		1,930,000	1,925	1,895
Eagle Credit Card Trust 3.04% 07-17-2023	Canada	Corporate		200,000	200	198
Enbridge Gas Distribution Inc. 3.51% 11-29-2047 Callable 2047	Canada	Corporate		1,100,000	1,102	1,043
Enbridge Inc. 3.20% 06-08-2027 Callable 2027	Canada	Corporate		1,350,000	1,296	1,283
Enbridge Inc. 4.57% 03-11-2044	Canada	Corporate		1,430,000	1,434	1,426
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate		1,420,000	1,404	1,354
Enbridge Inc. F/R 04-12-2078 Callable 2028	Canada	Corporate		970,000	979	1,002
EnerCare Solutions Inc. 3.38% 02-21-2022 Callable 2022	Canada	Corporate		510,000	514	508
EnerCare Solutions Inc. 3.99% 02-21-2024 Callable 2023	Canada	Corporate		50,000	50	50
EPCOR Utilities Inc. 3.55% 11-27-2047 Callable 2047	Canada	Corporate		110,000	110	106
EPR Properties 4.95% 04-15-2028 Callable 2028	United States	Corporate	USD	280,000	351	356
Fairfax Financial Holdings Ltd. 5.84% 10-14-2022	Canada	Corporate		890,000	981	968
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate		850,000	883	881
Fairfax Financial Holdings Ltd. 4.70% 12-16-2026 Callable 2026	Canada	Corporate		60,000	60	61
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027 Callable 2027	Canada	Corporate		750,000	741	734
Federation des Caisses Desjardins du Quebec 2.09% 01-17-2022	Canada	Corporate		927,000	915	902
Federation des Caisses Desjardins du Quebec 2.39% 08-25-2022	Canada	Corporate		150,000	150	146
Federation des Caisses Desjardins du Quebec 3.06% 09-11-2023	Canada	Corporate		1,150,000	1,149	1,145
Fortified Trust 2.16% 10-23-2020	Canada	Corporate		170,000	170	168
Fortified Trust 1.67% 07-23-2021	Canada	Corporate		2,540,000	2,476	2,453
FortisAlberta Inc. 3.67% 09-09-2047 Callable 2047	Canada	Corporate		10,000	10	10
FortisAlberta Inc. 3.74% 09-18-2048 Callable 2048	Canada	Corporate		80,000	80	80
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate		160,000	160	157
General Electric Capital Corp. 4.60% 01-26-2022	United States	Corporate		150,000	173	157
Genesis Trust II 2.43% 05-15-2019	Canada	Corporate		1,790,000	1,796	1,791
Genesis Trust II 1.70% 04-15-2020	Canada	Corporate		450,000	449	443
Glacier Credit Card Trust 2.05% 09-20-2022	Canada	Corporate		220,000	217	211
Glacier Credit Card Trust 3.14% 09-20-2023	Canada	Corporate		330,000	330	328
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate		1,430,000	1,402	1,383
The Goldman Sachs Group Inc. 3.31% F/R 10-31-2025 Callable 2024	United States	Corporate		300,000	299	293
Government of Canada 1.50% 06-01-2023	Canada	Federal Government		700,000	681	675
Government of Canada 2.50% 06-01-2024	Canada	Federal Government		820,000	826	826
Government of Canada 2.00% 06-01-2028	Canada	Federal Government		22,990,000	22,560	22,163
Government of Canada 1.25% 12-01-2047 Real Return	Canada	Federal Government		3,876,000	4,834	4,888
Government of Canada 2.75% 12-01-2048	Canada	Federal Government		700,000	781	750
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate		1,050,000	1,036	1,028
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate		160,000	160	158
H&R Real Estate Investment Trust 3.37% 01-30-2024 Callable 2023	Canada	Corporate		1,150,000	1,138	1,121
HCN Canadian Holdings-1 LP 3.35% 11-25-2020	United States	Corporate		120,000	125	121
Heathrow Funding Ltd. 3.25% 05-21-2025	United Kingdom	Corporate		1,440,000	1,456	1,426
Heathrow Funding Ltd. 3.40% 03-08-2028	United Kingdom	Corporate		440,000	439	431
Heathrow Funding Ltd. 3.79% 09-04-2030 Callable 2030	United Kingdom	Corporate		430,000	430	425
Hollis Receivables Term Trust II 1.79% 02-26-2020	Canada	Corporate		4,690,000	4,648	4,632
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate		320,000	315	309
HSBC Bank Canada 3.25% 09-15-2023	Canada	Corporate		470,000	470	469
HSBC Holdings PLC 3.20% 12-05-2023	United Kingdom	Corporate		150,000	150	148
Hydro One Inc. 2.97% 06-26-2025 Callable 2025	Canada	Corporate		200,000	200	196
Hydro One Inc. 3.72% 11-18-2047	Canada	Corporate		1,770,000	1,813	1,723
Hydro One Inc. 3.63% 06-25-2049 Callable 2048	Canada	Corporate		240,000	240	229
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate		200,000	202	191
Inter Pipeline Ltd. 3.17% 03-24-2025 Callable 2024 MTN	Canada	Corporate		570,000	563	551
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate		1,400,000	1,384	1,356
Ivanhoe Cambridge II Inc. 2.91% 06-27-2023 Callable 2023	Canada	Corporate		230,000	230	228
JPMorgan Chase & Co. 3.19% 03-05-2021	United States	Corporate		1,130,000	1,158	1,137
Laurentian Bank of Canada F/R 10-22-2019	Canada	Corporate		330,000	330	331
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate		870,000	865	852
Laurentian Bank of Canada 3.45% 06-27-2023	Canada	Corporate		230,000	230	228
The Manufacturers Life Insurance Co. 2.39% 01-05-2026 Callable 2021	Canada	Corporate		1,310,000	1,305	1,293
Manulife Bank of Canada 1.92% 09-01-2021 DPNT	Canada	Corporate		240,000	239	233
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate		1,500,000	1,503	1,481
Manulife Financial Corp. F/R 05-09-2028 Callable 2023	Canada	Corporate		250,000	250	249
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate		770,000	762	748
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate		1,060,000	1,062	1,038
Metro Inc. 3.39% 12-06-2027 Callable 2027	Canada	Corporate		570,000	563	549
Molson Coors International LP 2.84% 07-15-2023 Callable 2023	United States	Corporate		480,000	473	462
Mondelez International Inc. 3.25% 03-07-2025 Callable 2025	United States	Corporate		390,000	388	379
Mondelez International Inc. 4.13% 05-07-2028 Callable 2028	United States	Corporate	USD	140,000	178	179
Morgan Stanley 3.00% 02-07-2024 Series MPLE	United States	Corporate		1,200,000	1,194	1,172
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate		5,520,000	5,380	5,319
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate		310,000	310	302
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate	USD	1,170,000	1,496	1,439

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SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2018 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
BONDS (continued)						
North West Redwater Partnership 2.80% 06-01-2027 Callable 2027	Canada	Corporate		1,200,000	1,165	1,131
North West Redwater Partnership 3.65% 06-01-2035 Callable 2034	Canada	Corporate		150,000	151	145
Nouvelle Autoroute 30 Financement Inc. 4.11% 03-31-2042	Canada	Corporate		330,000	330	330
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate		1,600,000	1,605	1,577
OMERS Realty Corp. 3.63% 06-05-2030 Callabe 2030	Canada	Corporate		570,000	570	573
Ontario Electricity Financial Corp. 0% 11-27-2020	Canada	Provincial Governments		40,000	37	38
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate		1,080,000	1,094	1,065
Ontario Power Generation Inc. 3.84% 06-22-2048 Callable 2047	Canada	Corporate		310,000	310	302
OPB Finance Trust 2.98% 01-25-2027	Canada	Provincial Governments		1,050,000	1,057	1,033
Pembina Pipeline Corp. 3.54% 02-03-2025 Callable MTN	Canada	Corporate		320,000	319	317
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate		400,000	400	399
Province of Alberta 3.05% 12-01-2048	Canada	Provincial Governments		3,150,000	3,137	3,071
Province of Alberta 3.10% 06-01-2050	Canada	Provincial Governments		660,000	658	651
Province of Newfoundland 3.00% 06-02-2026	Canada	Provincial Governments		1,340,000	1,342	1,332
Province of Newfoundland 3.70% 10-17-2048	Canada	Provincial Governments		1,550,000	1,675	1,635
Province of Ontario F/R 06-27-2022	Canada	Provincial Governments		10,000,000	10,074	10,062
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments		2,560,000	2,559	2,543
Province of Ontario 2.90% 06-02-2028	Canada	Provincial Governments		16,100,000	15,946	15,866
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments		1,870,000	2,296	2,251
Province of Ontario 2.90% 06-02-2049	Canada	Provincial Governments		8,780,000	8,467	8,258
Province Of Quebec 2.75% 09-01-2028	Canada	Provincial Governments		13,900,000	13,748	13,551
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments		1,450,000	1,594	1,538
Province of Saskatchewan 3.30% 06-02-2048	Canada	Provincial Governments		1,150,000	1,204	1,177
Reliance LP 3.84% 03-15-2025 Callable 2025	Canada	Corporate		570,000	570	560
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate		70,000	70	68
Royal Bank of Canada 2.95% 05-01-2023	Canada	Corporate		3,880,000	3,880	3,860
Royal Bank of Canada 3.30% 09-26-2023	Canada	Corporate		1,620,000	1,620	1,622
Saputo Inc. 3.61% 08-14-2025 Callable 2025	Canada	Corporate		340,000	340	338
Sea to Sky Highway Investment LP 2.63% 08-31-2030	Canada	Corporate		147,983	142	141
SNC-Lavalin Group Inc. 3.24% 03-02-2023 Callable 2023	Canada	Corporate		300,000	300	296
Spirit AeroSystems Inc. 3.95% 06-15-2023 Callable 2023	United States	Corporate	USD	220,000	282	283
Sprint Spectrum Co. LLC 4.74% 03-20-2025 144A	United States	Corporate	USD	200,000	259	259
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate		125,000	129	125
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate		60,000	60	59
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate		2,450,000	2,452	2,415
Sydney Airport Finance Co. Pty. Ltd. 3.63% 04-28-2026 Callable 2026	Australia	Corporate	USD	140,000	183	173
Sydney Airport Finance Co. Pty. Ltd. 3.63% 04-28-2026 Callable 2026 144A	Australia	Corporate	USD	1,000,000	1,243	1,236
Sysco Canada Inc. 3.65% 04-25-2025 Callable 2025	United States	Corporate		450,000	450	451
TD Capital Trust IV F/R 06-30-2108 Callable 2021	Canada	Corporate		580,000	644	630
TELUS Corp. 3.35% 04-01-2024 Callable MTN	Canada	Corporate		180,000	183	179
TELUS Corp. 3.63% 03-01-2028 Callable 2027	Canada	Corporate		1,120,000	1,114	1,101
TELUS Corp. 4.70% 03-06-2048 Callable 2047	Canada	Corporate		1,040,000	1,079	1,049
Thomson Reuters Corp. 3.31% 11-12-2021 Callable	Canada	Corporate		670,000	684	676
TMX Group Ltd. 4.46% 10-03-2023 Callable 2023	Canada	Corporate		80,000	91	84
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate		910,000	902	892
TMX Group Ltd. 3.78% 06-05-2028 Callable 2028	Canada	Corporate		450,000	455	452
The Toronto-Dominion Bank 3.01% 05-30-2023	Canada	Corporate		390,000	390	389
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate		3,050,000	2,950	2,895
The Toronto-Dominion Bank F/R 09-14-2028 Callable 2023	Canada	Corporate		600,000	600	599
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate		650,000	650	633
TransCanada PipeLines Ltd. 3.39% 03-15-2028 Callable 2027	Canada	Corporate		420,000	420	412
TransCanada PipeLines Ltd. 4.18% 07-03-2048 Callable 2048	Canada	Corporate		280,000	280	273
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate		1,110,000	1,105	1,052
Transurban Finance Co. Pty Ltd. 3.37% 03-06-2019	Australia	Corporate		550,000	559	552
Union Gas Ltd. 3.59% 11-22-2047 Callable 2047	Canada	Corporate		125,000	125	120
United States Treasury 2.75% 02-15-2028	United States	Foreign Governments	USD	190,000	241	240
United States Treasury 3.00% 02-15-2048	United States	Foreign Governments	USD	7,220,000	9,177	9,001
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate		90,000	90	87
Ventas Realty LP 4.00% 03-01-2028 Callable 2027	United States	Corporate	USD	210,000	261	262
Verizon Communications Inc. 2.63% 08-15-2026 Callable 2026	United States	Corporate	USD	1,160,000	1,362	1,360
Vodafone Group PLC 3.75% 01-16-2024	United Kingdom	Corporate	USD	170,000	216	218
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate		250,000	250	248
Wells Fargo & Co. 2.51% 10-27-2023	United States	Corporate		1,110,000	1,066	1,063

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

SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2018 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)	
BONDS (continued)							
Wells Fargo & Co. 2.98% 05-19-2026 Series MPLE	United States	Corporate		1,400,000	1,355	1,327	
Welltower Inc. 4.25% 04-15-2028 Callable 2028	United States	Corporate	USD	220,000	282	280	
Westcoast Energy Inc. 4.79% 10-28-2041	Canada	Corporate		40,000	42	43	
					261,643	258,149	
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS						(2)	-
TOTAL INVESTMENTS						261,641	258,149
Net Assets:							
Total investments						258,149	
Cash and cash equivalents						900	
Derivative assets (see schedule of derivative instruments)						1,008	
Derivative liabilities (see schedule of derivative instruments)						(1)	
Other net assets (liabilities)						1,994	
						262,050	

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

EFFECTIVE ASSET TYPE	% of net assets
Corporate Bonds	54.5
Provincial Bonds	24.1
Federal Bonds	16.4
Foreign Government Bonds	(19.0)
Cash and cash equivalents	0.4
Other	23.6
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

Canada	107.4
Pacific ex Japan	1.2
United Kingdom	1.2
Europe ex U.K.	0.9
Japan	(3.9)
United States	(7.2)
Cash and cash equivalents	0.4
Total	100.0

at March 31, 2018

EFFECTIVE ASSET TYPE	% of net assets
Corporate Bonds	50.8
Provincial Bonds	22.7
Federal Bonds	20.7
Foreign Government Bonds	(4.5)
Cash and cash equivalents	10.6
Other	(0.3)
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

Canada	84.4
United States	2.3
Pacific ex Japan	1.3
United Kingdom	0.8
Europe ex U.K.	0.6
Cash and cash equivalents	10.6
Total	100.0

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

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)
AA	10-05-2018	9,538 CAD	9,538	7,177 USD	9,273	265	-
AA	10-26-2018	6,293 CAD	6,293	4,760 USD	6,145	148	-
AA	11-09-2018	2,509 CAD	2,509	1,900 USD	2,451	58	-
AA	11-30-2018	916 CAD	916	698 USD	901	15	-
						486	-

Schedule of Futures Contracts

Type of contract	No. of contracts	Expiration date	Average rate of contracts	Notional value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)
CBOT U.S. 10 Year Treasury Note	(317)	December 2018	119.99 USD	(48,660)	497	-
OSE Japan 10 Year Bond	(6)	December 2018	150.24 JPY	(10,245)	10	-
				(58,905)	507	-

Schedule of Options Purchased

Underlying security	No. of options	No. of shares or Notional currency	Option type	Strike price	Expiration date	Premium paid (CAD\$ 000)	Fair value (CAD\$ 000)
Currency Option AUD/USD	5,160,000	5,160,000	Call	0.74 USD	10-02-2018	5	-
Currency Option AUD/USD	6,880,000	6,880,000	Call	0.73 USD	10-02-2018	9	-
Currency Option EUR/NOK	2,270,000	2,270,000	Call	9.30 EUR	12-14-2018	31	15
Currency Option USD/CAD	1,200,000	1,200,000	Call	1.33 CAD	10-05-2018	3	-
Currency Option USD/CAD	3,600,000	3,600,000	Call	1.33 CAD	10-05-2018	10	-
						58	15

Schedule of Options Written

Underlying security	No. of options	No. of shares or Notional currency	Option type	Strike price	Expiration date	Premium received (CAD\$ 000)	Fair value (CAD\$ 000)
Currency Option EUR/NOK	2,270,000	2,270,000	Call	8.90 EUR	12-14-2018	(5)	(1)

TOTAL DERIVATIVE ASSETS

1,008

TOTAL DERIVATIVE LIABILITIES

(1)

Note:

The following abbreviations are used in the above tables:

AUD – Australian dollars	JPY – Japanese yen
BRL – Brazilian real	KOR – South Korean won
CAD – Canadian dollars	MXN – Mexican peso
CHF – Swiss franc	NOK – Norwegian krona
DKK – Danish krone	NZD – New Zealand dollars
EUR – Euro	PLN – Polish zloty
GBP – United Kingdom pounds	SEK – Swedish krona
HKD – Hong Kong dollars	SGD – Singapore dollars
HUF – Hungarian forint	THB – Thailand baht
IDR – Indonesian rupiah	USD – United States dollars
INR – Indian rupee	ZAR – South African rand

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 achieve a steady flow of income by investing, either directly or indirectly through other investment funds, primarily in a diversified portfolio of Canadian government and corporate fixed-income securities. Preservation of capital is an important factor in the selection of investments. The Fund may invest up to 30% of its assets in foreign securities.

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**

Due to use of foreign exchange forward contracts, the Fund does not have significant exposure to currency risk.

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 30, 2018	2,404	88,547	113,953	53,245	258,149
March 31, 2018	1,027	85,509	80,512	79,570	246,618

As at September 30, 2018, had 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 \$15,749 or 6.0% of total net assets (March 31, 2018 – \$20,515 or 7.5% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio and interest rate swaps. In practice, the actual trading results may differ and the difference could be material.

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 Fund's greatest concentration of credit risk is in debt securities, such as bonds. 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 16.4% of the net assets (March 31, 2018 – 20.7%).

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

September 30, 2018	
AAA	25.5
AA	32.3
A	21.8
BBB	18.9
Total	98.5
March 31, 2018	
AAA	21.5
AA	29.0
A	21.8
BBB	16.9
less than BBB	0.5
Total	89.7

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

(d) Loss Carryforwards

As at the last taxation year-end, \$62 of net capital losses and \$nil of non-capital losses were 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	-	258,149	-	258,149
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Cash equivalents	-	-	-	-
Derivative assets	507	501	-	1,008
Derivative liabilities	-	(1)	-	(1)
Total	507	258,649	-	259,156

as at March 31, 2018	Level 1	Level 2	Level 3	Total
Fixed income	-	267,061	-	267,061
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Cash equivalents	-	28,585	-	28,585
Derivative assets	-	107	-	107
Derivative liabilities	(237)	(26)	-	(263)
Total	(237)	295,727	-	295,490

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	49,972	52,472
March 31, 2018	30,754	32,312

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	15	1	100.0	100.0
Securities Lending Agent fees	(4)	-	(26.7)	-
Securities Lending Income to the Fund before Withholdings Taxes	11	1	73.3	100.0
Withholding Taxes	-	-	-	-
Securities Lending Income	11	1	73.3	100.0

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