

COUNSEL | PORTFOLIO SERVICES

June 29, 2018

Dear Securityholder,

The Independent Review Committee (IRC) of the Counsel Funds is pleased to provide its annual report for the period ended March 31, 2018 as required by National Instrument 81 - 107 *Independent Review Committee for Investment Funds*.

Your IRC has a mandate to review conflict of interest matters identified and referred to the IRC by Counsel Portfolio Services Inc. (the Manager) in respect of the Counsel Funds (the Funds) and to give its approval or recommendation, depending on the nature of the conflict of interest matter. A "conflict of interest matter" is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Funds. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager's proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC also reviews and assesses the adequacy and effectiveness of the Manager's policies in respect of the Funds and conducts a self-assessment of the IRC's independence, compensation and effectiveness.

The IRC's duties and functions are distinct from those of the Manager's Board. The latter are described within the report.

The members of the IRC, whose identities are listed in the report, bring to their duties a wide range of business experience.

The IRC continues to be well satisfied with the open and cooperative attitude the Manager has brought to its interaction with IRC members. They look forward to maintaining that level of cooperation and to continue to consider whether conflict issues are resolved in a manner that achieves a fair and reasonable result for the Funds.



Robert Hines
Chair of the Independent Review Committee

Report of the Independent Review Committee of Counsel Funds for the Year Ended March 31, 2018

Structure of the Funds and Their Governance

Counsel Portfolio Services Inc., the manager of the Funds, (the "Manager") is governed by a Board of Directors. A majority of the members of the Board are independent of the Manager. The Board and committees of the Board oversee matters relating to the Funds including monitoring investment performance, reviewing financial statements and management reports of fund performance, receiving reports on the operations of the Funds and reviewing proposed changes to the Funds including changes to investment objectives and strategies.

Scope of Report

The Funds have a financial year that ends on March 31 and this report relates to the twelve month period ended March 31, 2018. The Funds are listed at the conclusion of this report.

The IRC and its Membership

The IRC became operational on November 1, 2007. The names of the members of the IRC are listed below. Mr. Robert Hines, Mr. Martin Taylor and Mr. George Hucal were appointed effective May 1, 2007, and Scott Edmonds was appointed effective February 24, 2012. Each member has been subsequently reappointed with the agreement of the Manager. Robert Hines was appointed Chair on February 1, 2013.

Name	Residence
Robert Hines (Chair)	Toronto, Ontario
Martin Taylor	Toronto, Ontario
George Hucal	Montreal, Quebec
Scott Edmonds	Vancouver, British Columbia

All IRC members are independent of the Manager and maintain transparency in relation to their personal holdings of Funds and securities of the Manager. As at March 31, 2018, the members of the IRC did not beneficially own, directly or indirectly, any outstanding units of any series of the Funds. As at March 31, 2018, the members of the IRC did not beneficially own directly or indirectly, in the aggregate, more than 0.1% of any class or series of voting or equity securities of the Manager or its indirect parent companies, Investment Planning Counsel Inc., IGM Financial Inc., Power Financial Corporation or Power Corporation of Canada. As at March 31, 2018, the members of the IRC did not beneficially own, in the aggregate, directly or indirectly, more than 0.1% of any class or series of voting or equity securities of any material service provider to the Funds or the Manager. The members of the IRC also serve, in a separate capacity, as members of the IRC for mutual funds managed by Mackenzie Financial Corporation, an affiliate of the Manager.

Compensation and Indemnities

The members of the IRC are entitled to be compensated by the Funds and to be indemnified by the Funds in appropriate

circumstances. The aggregate compensation paid by the Funds to the IRC for the period from April 1, 2017 to March 31, 2018 was \$80,000.

The members of the IRC were not paid any amounts under the indemnities provided to them by the Funds during the period.

The IRC reviews and determines its own compensation on an annual basis as required by NI 81-107. In deciding the appropriate level of compensation, the IRC:

- considers the Manager's recommendations on reasonable compensation for the IRC
- considers the work-load of the IRC and the contribution made by each of its members
- considers the benefit accruing to the Funds as a result of the IRC activity
- considers the complexity and difficulty of the tasks undertaken by the IRC, and
- conducts a review of the compensation and expenses that other Canadian mutual fund governance agency members receive in comparable circumstances at the applicable time period, if that information is publicly available and accessible by the IRC.

Summary of Conflict of Interest Matters

Approvals and Standing Instructions

During the period, the Manager relied upon the approval and standing instruction of the IRC in order to enable the Funds to invest in related issuers of the Funds. Absent IRC approval, the Funds could not have made these investments. For purposes of the above, a related issuer of a Fund is an issuer who is a substantial securityholder of the Manager (holding more than 20% of the voting securities of the Manager) or an issuer in which a substantial securityholder of the Manager has a significant interest (holding more than 10% of the voting securities of the issuer), or an issuer of which a director or officer of the portfolio manager or an affiliate of the portfolio manager is also a director or officer.

The standing instruction requires that the Manager act in accordance with the Investment in Securities of a Related Company Policy, make periodic reports of its adherence to the Policy accompanied by certificates of the applicable portfolio managers attesting thereto and provide timely notification of any material breaches of, or exceptions to, the Policy.

During the period the Manager relied on the approval and standing instructions of the IRC in order to engage in inter-fund trading (which is also referred to as cross-trading). Inter-fund trading occurs when a Fund purchases portfolio securities from or sells portfolio securities to another Fund. This standing instruction requires the Manager to act in accordance with the applicable policy, make periodic reports of its adherence to the policy and provide timely notification of any material breaches of, or exceptions to, the policy.

Positive Recommendations

During the period, the Manager relied upon the recommendation of the IRC to proceed with the following proposals:

- (a) to terminate the third party sub-advisor TD Asset Management Inc. on Counsel Short Term Bond and have the fund managed by Mackenzie Financial Corporation ("Mackenzie") which is a company related to the Manager;
- (b) to terminate the third party sub-advisor, AGF Investments Inc., on Counsel Monthly Income Portfolio (formerly named Counsel Regular Pay Portfolio) and change the underlying investment exposures within the Fund in a manner that resulted in an economic benefit to Mackenzie and Putnam Investments Canada ULC, companies related to the Manager;
- (c) to terminate the sub-advisor, PanAgora Asset Management Inc. (which is a company related to the Manager) on Counsel Income Portfolio (formerly named Counsel Managed Yield Portfolio) and change the underlying investment exposures within the Fund in a manner that resulted in an economic benefit to Mackenzie, a company related to the Manager;
- (d) to terminate the sub-advisor, PanAgora Asset Management Inc. (which is a company related to the Manager) on Counsel High Income Portfolio (formerly named Counsel Managed High Yield Portfolio) and change the underlying investment exposures within the Fund in a manner that resulted in an economic benefit to Mackenzie, a company related to the Manager;
- (e) to terminate the sub-advisors, PanAgora Asset Management Inc. and Mackenzie (which are companies related to the Manager) on Counsel Balanced Growth Portfolio (formerly named Counsel Managed Portfolio) and change the underlying investment exposures within the Fund in a manner that resulted in an economic benefit to Mackenzie, a company related to the Manager;
- (f) to merge Counsel Income Managed Portfolio into Counsel Monthly Income Portfolio (formerly named Counsel Regular Pay Portfolio); and
- (g) to merge Counsel World Managed Portfolio into Counsel Balanced Portfolio.

Positive Recommendations and Standing Instructions

The IRC reviews existing standing instructions each year and the Manager's proposals to continue or terminate those standing instructions. The IRC also reviews, from time to time, the Manager's requests for new standing instructions. As a result of the IRC's reviews during the year ended March 31, 2018, the Manager received positive recommendations and standing instructions in respect of the conflict of interest matters addressed by the following policies:

Policy	Description
Dissemination of Portfolio Information	Governs the release of information about a fund's investments

Policy	Description
Code of Business Conduct and Ethics	Governs the activities of the Manager's employees and directors
Gift and Entertainment	Governs the acceptance of gifts and entertainment by the Manager's employees
Personal Trading for Access Persons	Governs the personal trading of individuals who have access to fund portfolio information
Personal Trading for Counsel Fund Insiders	Governs the personal trading of individuals who have access to inside information about a Fund
Best Execution	Governs the oversight of the execution of trades of portfolio securities by brokers, including the selection of brokers and commissions paid
Proxy Voting	Governs voting of proxies held by the Funds
Use of Client Brokerage Commissions	Governs the acceptance of services by the Manager from brokers that execute portfolio transactions for the Funds
Trade Allocation	Governs the allocation of investment opportunities among the Funds and other accounts
Short-Term Trade Monitoring	Governs the monitoring of potential harmful investor activity
Gain/Loss Accounting	Governs the correction of errors in calculating the security price of a Fund, in managing investor transactions, and in trading a Fund's portfolio securities
Valuation	Governs the determination of the value of a Fund's portfolio securities
Dividend Payment & Tax Allocation	Governs the allocation of taxes and dividends by Counsel Portfolio Corporation to its investors
Investment Management Changes	Governs investment management changes where the change results in an economic benefit to the Manager or a related entity
Large Transaction in Mutual Funds	Governs the arrangements made by the Manager for investments in the Funds
Investments in Mackenzie Investments ETFs	Governs investments by an investment fund managed by Counsel in an exchange traded fund managed by Mackenzie Financial Corporation

Additional Information

Securityholders who would like additional details regarding the activities of the IRC may contact the Manager at info@counselwealth.com. Questions for members of the IRC will be appropriately directed to our attention.

COUNSEL MUTUAL FUNDS

Counsel All Equity Portfolio

Counsel All Equity Portfolio Class

Counsel Balanced Growth Portfolio

Counsel Balanced Portfolio

Counsel Balanced Portfolio Class

Counsel Canadian Core Fixed Income

Counsel Canadian Dividend

Counsel Canadian Dividend Class

Counsel Canadian Growth

Counsel Canadian Growth Class

Counsel Canadian Value

Counsel Canadian Value Class

Counsel Conservative Portfolio

Counsel Conservative Portfolio Class

Counsel Defensive Global Equity

Counsel Fixed Income

Counsel Global Dividend

Counsel Global Fixed Income

Counsel Global Low Volatility Equity

Counsel Global Real Estate

Counsel Global Small Cap

Counsel Global Trend Strategy

Counsel Growth Portfolio

Counsel Growth Portfolio Class

Counsel High Income Portfolio

Counsel High Yield Fixed Income

Counsel Income Portfolio

Counsel International Growth

Counsel International Value

Counsel Money Market

Counsel Monthly Income Portfolio

Counsel North American High Yield Bond

Counsel Retirement Accumulation Portfolio

Counsel Retirement Foundation Portfolio

Counsel Retirement Income Portfolio

Counsel Retirement Preservation Portfolio

Counsel Short Term Bond

Counsel U.S. Growth

Counsel U.S. Value