

**COUNSEL | PORTFOLIO SERVICES**

# Counsel Global Small Cap

ANNUAL FINANCIAL STATEMENTS

For the year ended March 31, 2020

## COUNSEL | PORTFOLIO SERVICES

# Management's *Responsibility for Financial Reporting*

To the securityholders of:

Counsel All Equity Portfolio

Counsel Balanced Portfolio

Counsel Canadian Core Fixed Income

Counsel Canadian Dividend

Counsel Canadian Growth

Counsel Canadian Value

Counsel Conservative Portfolio

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 High Income Portfolio

Counsel High Yield Fixed Income

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

IPC Multi-Factor Canadian Equity

IPC Multi-Factor International Equity

IPC Multi-Factor U.S. Equity

(collectively, "the Funds")

The accompanying financial statements have been prepared by Counsel Portfolio Services Inc. ("Counsel"), as manager of the Funds. The statements have been approved by the Board of Directors of Counsel (the "Board"). Management is responsible for the information and representations contained in these financial statements.

Counsel maintains internal controls over the financial reporting process to ensure that relevant and reliable financial information is provided. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Funds, are described in note 3 to the financial statements.

The Board is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP are the external auditors of the Funds. They are appointed by the Board. The external auditors have audited the financial statements in accordance with generally accepted auditing standards to enable them to express to securityholders their opinion on the financial statements.



**Chris Reynolds**  
Director

July 13, 2020



**Paulette Jervis**  
Chief Financial Officer

July 13, 2020

## Independent Auditor's Report

To the Securityholders of:

Counsel Fixed Income	Counsel Global Dividend
Counsel Money Market	Counsel High Yield Fixed Income
Counsel Balanced Portfolio	Counsel High Income Portfolio
Counsel Conservative Portfolio	Counsel Global Fixed Income
Counsel Growth Portfolio	Counsel Global Trend Strategy
Counsel All Equity Portfolio	Counsel North American High Yield Bond
Counsel Monthly Income Portfolio	Counsel Retirement Preservation Portfolio
Counsel Global Small Cap	Counsel Retirement Foundation Portfolio
Counsel Canadian Dividend	Counsel Retirement Accumulation Portfolio
Counsel Canadian Value	Counsel Retirement Income Portfolio
Counsel Canadian Growth	Counsel Defensive Global Equity
Counsel U.S. Value	Counsel Global Low Volatility Equity
Counsel U.S. Growth	Counsel Canadian Core Fixed Income
Counsel International Value	IPC Multi-Factor Canadian Equity
Counsel International Growth	IPC Multi-Factor U.S. Equity
Counsel Global Real Estate	IPC Multi-Factor International Equity
Counsel Short Term Bond	

(the "Funds" and each individually, the "Fund")

### Opinion

We have audited the financial statements of each of the Funds, which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of each of the Funds as at March 31, 2020 and 2019, as applicable, and its financial performance and its cash flows for the periods then ended, as indicated in note 1, in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

/s/ Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants  
July 13, 2020

**STATEMENTS OF FINANCIAL POSITION**

at March 31, 2020 with comparative figures at March 31, 2019  
(in \$ 000 except per security amounts)

	2020	2019
<b>Assets</b>		
<b>Current assets:</b>		
Investments at fair value	258,054	371,522
Cash and cash equivalents	10,158	18,002
Accrued interest receivable	-	2
Dividends receivable	584	460
Accounts receivable for investments sold	486	808
Accounts receivable for securities issued	74	70
Accounts receivable from the Manager	-	-
Margin on derivative contracts	-	-
Derivative assets	18	109
Other assets	-	-
	269,374	390,973
<b>Non-current assets:</b>		
Taxes recoverable	-	18
Other assets	-	-
	-	18
<b>Total assets</b>	269,374	390,991
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	-	-
Accounts payable for investments purchased	2,868	963
Accounts payable for securities redeemed	163	263
Distributions payable	-	-
Accrued expenses and miscellaneous payables	1	3
Dividends payable on investments sold short	-	-
Derivative liabilities	2,635	-
Taxes payable	-	-
Other liabilities	-	-
<b>Total liabilities</b>	5,667	1,229
<b>Net assets attributable to securityholders</b>	263,707	389,762

	Net assets attributable to securityholders			
	per security		per series	
	2020	2019	2020	2019
Series A	12.50	14.97	7,878	10,215
Series F	13.57	16.09	2,567	3,544
Series I	13.82	16.43	891	930
Series O	14.12	16.75	197,779	298,133
Series Private Wealth	25.80	30.67	54,592	76,940
			263,707	389,762

**STATEMENTS OF COMPREHENSIVE INCOME**

for the periods ended March 31  
(in \$ 000 except per security amounts)

	2020	2019
<b>Income:</b>		
Dividends	5,587	5,404
Interest and other income	115	340
Net realized gain (loss)	21,554	13,813
Net unrealized gain (loss)	(62,828)	(26,255)
Income (loss) from derivatives	-	-
Income (loss) from short selling	-	-
Securities lending income	101	108
Trust income	33	58
<b>Total income</b>	(35,438)	(6,532)
<b>Expenses:</b>		
Management fees	251	283
Management fee rebates	-	(1)
Administration fees	163	179
Commissions and other portfolio transaction costs	566	745
Independent Review Committee costs	2	2
Interest and other charges	7	9
<b>Expenses before amounts absorbed by Manager</b>	989	1,217
Expenses absorbed by Manager	-	-
<b>Net expenses</b>	989	1,217
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	(36,427)	(7,749)
Foreign withholding tax expense (recovery)	339	432
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	(36,766)	(8,181)

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2020	2019	2020	2019
Series A	(2.47)	(0.86)	(1,509)	(558)
Series F	(2.51)	(0.79)	(397)	(305)
Series I	(2.34)	(0.64)	(152)	(25)
Series O	(2.36)	(0.63)	(26,194)	(4,842)
Series Private Wealth	(4.35)	(1.20)	(8,514)	(2,451)
			(36,766)	(8,181)

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

for the periods ended March 31 (in \$ 000 except when stated)

	TOTAL		SERIES A		SERIES F		SERIES I	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Net assets attributable to securityholders, beginning of period</b>	389,762	413,935	10,215	11,488	3,544	3,572	930	962
Increase (decrease) in net assets attributable to securityholders resulting from:								
<b>Operations</b>	(36,766)	(8,181)	(1,509)	(558)	(397)	(305)	(152)	(25)
<b>Distributions:</b>								
Income	(5,320)	(6,162)	-	(45)	(5)	(23)	(18)	(12)
Capital gains	-	(13,135)	-	(124)	-	(163)	-	(32)
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	-	(1)	-	-	-	(1)	-	-
<b>Total distributions</b>	(5,320)	(19,298)	-	(169)	(5)	(187)	(18)	(44)
<b>Security transactions:</b>								
Proceeds from sale of securities	29,405	73,085	789	1,290	2,569	7,525	242	178
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	5,317	19,258	-	167	5	158	18	43
Payment on redemption of securities	(118,691)	(89,037)	(1,617)	(2,003)	(3,149)	(7,219)	(129)	(184)
<b>Total security transactions</b>	(83,969)	3,306	(828)	(546)	(575)	464	131	37
<b>Increase (decrease) in assets attributable to securityholders</b>	(126,055)	(24,173)	(2,337)	(1,273)	(977)	(28)	(39)	(32)
<b>Net assets attributable to securityholders, end of period</b>	263,707	389,762	7,878	10,215	2,567	3,544	891	930
<b>Increase (decrease) in securities (in thousands):</b>								
<b>Securities outstanding, beginning of period</b>			683	715	220	204	57	54
Add (deduct):								
Securities sold			53	84	160	441	14	11
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			-	13	-	12	1	3
Securities redeemed			(106)	(129)	(191)	(437)	(8)	(11)
<b>Securities outstanding, end of period</b>			630	683	189	220	64	57

	SERIES O		SERIES PRIVATE WEALTH	
	2020	2019	2020	2019
<b>Net assets attributable to securityholders, beginning of period</b>	298,133	314,909	76,940	83,004
Increase (decrease) in net assets attributable to securityholders resulting from:				
<b>Operations</b>	(26,194)	(4,842)	(8,514)	(2,451)
<b>Distributions:</b>				
Income	(4,131)	(5,077)	(1,166)	(1,005)
Capital gains	-	(10,165)	-	(2,651)
Return of capital	-	-	-	-
Management fee rebates	-	-	-	-
<b>Total distributions</b>	(4,131)	(15,242)	(1,166)	(3,656)
<b>Security transactions:</b>				
Proceeds from sale of securities	18,898	43,958	6,907	20,134
Proceeds from securities issued on merger	-	-	-	-
Reinvested from distributions	4,131	15,242	1,163	3,648
Payment on redemption of securities	(93,058)	(55,892)	(20,738)	(23,739)
<b>Total security transactions</b>	(70,029)	3,308	(12,668)	43
<b>Increase (decrease) in assets attributable to securityholders</b>	(100,354)	(16,776)	(22,348)	(6,064)
<b>Net assets attributable to securityholders, end of period</b>	197,779	298,133	54,592	76,940
<b>Increase (decrease) in securities (in thousands):</b>				
<b>Securities outstanding, beginning of period</b>	17,802	17,209	2,509	2,484
Add (deduct):				
Securities sold	1,306	2,619	224	629
Securities issued on merger	-	-	-	-
Reinvested from distributions	244	1,051	36	139
Securities redeemed	(5,348)	(3,077)	(653)	(743)
<b>Securities outstanding, end of period</b>	14,004	17,802	2,116	2,509

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

**STATEMENTS OF CASH FLOWS**

for the periods ended March 31  
(in \$ 000)

	2020	2019
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to securityholders from operations	(36,766)	(8,181)
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	(21,554)	(13,813)
Change in net unrealized loss (gain) on investments	62,828	26,255
Distributions received from Underlying Funds	-	-
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	207,316	250,026
Purchases of investments	(129,991)	(248,935)
(Increase) decrease in accounts receivable and other assets	(104)	122
Increase (decrease) in accounts payable and other liabilities	(2)	(4)
<b>Net cash provided by (used in) operating activities</b>	<b>81,727</b>	<b>5,470</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	29,401	73,567
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(118,791)	(89,015)
Distributions paid net of reinvestments	(3)	(40)
<b>Net cash provided by (used in) financing activities</b>	<b>(89,393)</b>	<b>(15,488)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(7,666)</b>	<b>(10,018)</b>
Cash and cash equivalents at beginning of period	18,002	27,788
Effect of exchange rate fluctuations on cash and cash equivalents	(178)	232
<b>Cash and cash equivalents, end of period</b>	<b>10,158</b>	<b>18,002</b>
Cash	8,193	15,891
Cash equivalents	1,965	2,111
Bank indebtedness	-	-
	10,158	18,002
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received net of withholding taxes	5,124	4,993
Interest received net of withholding taxes	117	339
Interest paid	7	5
Income taxes paid (recovered)	-	(102)

**SCHEDULE OF INVESTMENTS**

as at March 31, 2020

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EXCHANGE TRADED FUNDS</b>					
Horizons Canadian Pipelines Energy Services Index ETF	Canada	Exchange Traded Funds	133,600	1,131	607
iShares MSCI India ETF	India	Exchange Traded Funds	172,738	7,124	5,871
iShares MSCI India Small-Cap ETF	India	Exchange Traded Funds	55,351	2,725	1,804
iShares S&P/TSX Capped Energy Index ETF	Canada	Exchange Traded Funds	164,700	1,428	635
iShares S&P/TSX Completion Index ETF	Canada	Exchange Traded Funds	132,500	2,863	2,479
				15,271	11,396
<b>EQUITIES</b>					
1911 Gold Corp	Canada	Materials	7,837	5	3
51job Inc.	China	Industrials	18,681	1,469	1,617
Abcam PLC	United Kingdom	Health Care	134,010	1,897	2,696
AG Growth International Inc.	Canada	Industrials	30,684	1,532	522
Ain Holdings Inc.	Japan	Consumer Staples	24,208	2,183	2,009
AJ Bell PLC	United Kingdom	Financials	114,479	702	620
Alacer Gold Corp.	Canada	Materials	84,000	213	381
Alliance Data Systems Corp.	United States	Information Technology	18,348	1,832	870
Argonaut Gold Inc.	United States	Materials	50,700	115	55
Aritzia Inc.	Canada	Consumer Discretionary	55,915	947	688
Asahi Intecc Co. Ltd.	Japan	Health Care	85,900	1,808	2,996
Ashmore Group PLC	United Kingdom	Financials	343,831	2,820	2,136
Atrae Inc.	Japan	Communication Services	13,000	396	436
Avanza Bank Holding AB	Sweden	Financials	167,598	2,321	1,966
Axalta Coating Systems Ltd.	United States	Materials	37,569	1,346	915
B&M European Value Retail SA	United Kingdom	Consumer Discretionary	480,618	3,019	2,312
Baylin Technologies Inc.	Canada	Information Technology	263,300	1,108	234
Benefit One Inc.	Japan	Industrials	61,743	1,347	1,134
Booz Allen Hamilton Holding Corp.	United States	Information Technology	28,131	629	2,722
Boyd Group Services Inc.	Canada	Industrials	13,668	938	2,002
Breville Group Ltd.	Australia	Consumer Discretionary	135,383	2,257	2,047
Brunello Cucinelli SpA	Italy	Consumer Discretionary	46,844	1,962	2,006
Canadian Western Bank	Canada	Financials	112,675	3,086	2,183
Capstone Mining Corp.	Canada	Materials	692,800	1,077	308
Cargojet Inc.	Canada	Industrials	26,148	1,501	2,644
Charles River Laboratories International Inc.	United States	Health Care	17,513	913	3,116
China Gold International Resources Corp. Ltd.	China	Materials	64,800	141	36
Chr. Hansen Holding AS	Denmark	Materials	24,061	1,761	2,542
Clicks Group Ltd.	South Africa	Consumer Staples	129,049	1,643	2,618
Cochlear Ltd.	Australia	Health Care	27,852	3,483	4,504
Colliers International Group Inc.	Canada	Real Estate	49,742	2,186	3,349
CommScope Holding Co. Inc.	United States	Information Technology	212,987	5,564	2,736
The Cooper Companies Inc.	United States	Health Care	3,223	289	1,253
CTS Eventim AG & Co. KGaA	Germany	Communication Services	40,356	2,028	2,617
The Descartes Systems Group Inc.	Canada	Information Technology	67,830	2,440	3,284
DiaSorin SPA	Italy	Health Care	23,000	2,849	4,299
Diploma PLC	United Kingdom	Industrials	103,721	2,100	2,915
Domino's Pizza Enterprises Ltd.	Australia	Consumer Discretionary	51,943	2,140	2,282
Douzone Bizon Co. Ltd.	South Korea	Information Technology	13,349	691	1,236
Dundee Precious Metals Inc.	Canada	Materials	40,400	126	179
ECN Capital Corp.	Canada	Financials	270,725	1,034	1,018
Eldorado Gold Corp.	Canada	Materials	74,700	459	654
Electrocomponents PLC	United Kingdom	Information Technology	250,451	2,827	2,252
Elmos Semiconductor AG	Germany	Information Technology	49,373	1,752	1,464
Encore Capital Group Inc.	United States	Financials	112,031	4,743	3,693
Endava PLC	United Kingdom	Information Technology	29,352	1,527	1,455
Enghouse Systems Ltd.	Canada	Information Technology	22,882	456	996
en-japan Inc.	Japan	Industrials	59,557	2,772	1,567
Equiniti Group PLC	United Kingdom	Information Technology	1,049,209	3,740	3,240
Equitable Group Inc.	Canada	Financials	5,700	427	331
Fevertree Drinks PLC	United Kingdom	Consumer Staples	95,161	2,658	2,008
FirstService Corp.	Canada	Real Estate	7,375	388	800
Floor & Decor Holdings Inc. Class A	United States	Consumer Discretionary	47,067	2,560	2,129
Funai Soken Holdings Inc.	Japan	Industrials	63,159	1,524	1,768
GasLog Ltd.	Monaco	Energy	308,681	4,418	1,575
GDI Integrated Facility Services Inc. Sub. voting	Canada	Industrials	55,600	1,526	1,557
Global Payments Inc.	United States	Information Technology	9,468	337	1,925
Globant SA	Argentina	Information Technology	16,557	2,190	2,051
GMO Payment Gateway Inc.	Japan	Information Technology	23,000	1,116	2,274
Grupo Aeroportuario del Centro Norte SAB de CV (OMA)	Mexico	Industrials	320,600	2,293	1,524
Guyana Goldfields Inc.	Canada	Materials	50,200	246	14
Halma PLC	United Kingdom	Information Technology	109,381	1,916	3,661
Hardwoods Distribution Inc.	Canada	Industrials	101,500	1,731	984

## SCHEDULE OF INVESTMENTS (continued)

as at March 31, 2020

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (continued)</b>					
HomeServe PLC	United Kingdom	Industrials	127,464	2,445	2,352
Howden Joinery Group PLC	United Kingdom	Industrials	282,408	3,025	2,520
Hypoport AG	Germany	Financials	4,856	1,160	2,009
IMCD Group NV	Netherlands	Industrials	20,930	1,959	2,096
Infomart Corp.	Japan	Information Technology	192,767	834	1,787
Insight Enterprises Inc.	United States	Information Technology	46,143	3,200	2,741
IntegraFin Holdings PLC	United Kingdom	Financials	239,394	1,561	1,821
Interface Inc.	United States	Industrials	199,001	3,936	2,121
InterRent Real Estate Investment Trust	Canada	Real Estate	96,971	1,061	1,291
Intertape Polymer Group Inc.	Canada	Materials	55,652	1,086	559
Jamieson Wellness Inc.	Canada	Consumer Staples	58,113	1,349	1,496
Japan Material Co. Ltd.	Japan	Information Technology	93,421	1,641	1,726
JCR Pharmaceuticals Co. Ltd.	Japan	Health Care	9,600	952	1,178
K-Bro Linen Inc.	Canada	Industrials	41,199	1,681	1,156
Kelt Exploration Ltd.	Canada	Energy	175,679	919	193
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	78,237	1,035	1,235
Kinaxis Inc.	Canada	Information Technology	32,724	2,263	3,563
Kusuri no Aoki Holdings Co. Ltd.	Japan	Consumer Staples	19,900	1,606	2,346
LEENO Industrial Inc.	South Korea	Information Technology	9,016	792	779
Liberty Broadband Corp. Class A	United States	Communication Services	18,441	1,167	2,782
Lightspeed POS Inc.	Canada	Information Technology	33,164	1,157	631
Medy-Tox Inc.	South Korea	Health Care	65	21	15
Melexis NV	Belgium	Information Technology	28,887	2,461	2,153
Menicon Co. Ltd.	Japan	Health Care	26,098	1,545	1,643
Minto Apartment Real Estate Investment Trust	Canada	Real Estate	77,190	1,273	1,505
Miroku Jyoho Service Co. Ltd.	Japan	Information Technology	26,718	839	830
MISUMI Group Inc.	Japan	Industrials	79,846	1,690	2,453
Monotaro Co. Ltd.	Japan	Industrials	67,930	1,203	2,543
Morinaga & Co. Ltd.	Japan	Consumer Staples	39,000	2,517	2,251
Morneau Shepell Inc.	Canada	Industrials	75,120	1,352	2,133
Nemetschek SE	Germany	Information Technology	23,089	896	1,639
Netwealth Group Ltd.	Australia	Financials	272,528	2,287	1,582
New Work SE	Germany	Communication Services	8,046	2,490	2,464
Nihon M&A Center Inc.	Japan	Industrials	56,868	1,048	2,191
Nuance Communications Inc.	United States	Information Technology	126,239	2,645	2,986
NVR Inc.	United States	Consumer Discretionary	523	1,948	1,894
Organic Garage Ltd.	Canada	Consumer Staples	309,600	109	28
Park Lawn Corp.	Canada	Consumer Discretionary	72,756	1,601	1,201
Parkland Fuel Corp.	Canada	Energy	24,500	666	608
Patrizia Immobilien AG	Germany	Real Estate	110,280	2,209	3,601
People Corp.	Canada	Industrials	328,180	2,418	2,691
Performant Financial Corp.	United States	Industrials	739,817	3,928	939
Pollard Banknote Ltd.	Canada	Consumer Discretionary	65,675	788	1,113
Poya International Co. Ltd.	Taiwan	Consumer Discretionary	38,257	771	758
Premier Gold Mines Ltd.	Canada	Materials	60,500	163	72
Prestige International Inc.	Japan	Industrials	129,500	1,231	1,400
PT ACE Hardware Indonesia TBK	Indonesia	Consumer Discretionary	597,338	80	67
Raia Drogasil SA	Brazil	Consumer Staples	43,375	907	1,200
RaySearch Laboratories AB	Sweden	Health Care	33,793	541	276
Regal Beloit Corp.	United States	Industrials	13,704	1,008	1,216
Reply SPA	Italy	Information Technology	19,618	1,426	1,690
Richelieu Hardware Ltd.	Canada	Industrials	56,028	1,086	1,246
Rightmove PLC	United Kingdom	Communication Services	233,050	1,485	1,980
Rotork PLC	United Kingdom	Industrials	507,136	2,310	1,925
Royal Unibrew AS	Denmark	Consumer Staples	15,862	1,569	1,614
Sabre Corp.	United States	Information Technology	232,353	4,238	1,942
Sandstorm Gold Ltd.	Canada	Materials	73,000	473	515
Savaria Corp.	Canada	Industrials	58,517	738	622
Seabridge Gold Inc.	Canada	Materials	13,200	200	173
SEMAFO Inc.	Canada	Materials	114,500	447	313
Silergy Corp.	China	Information Technology	65,769	1,414	2,980
SIR Royalty Income Fund	Canada	Consumer Discretionary	82,431	1,275	199
SMS Co. Ltd.	Japan	Industrials	81,022	1,117	2,208
Softcat PLC	United Kingdom	Information Technology	81,685	1,411	1,479
Stella-Jones Inc.	Canada	Materials	24,287	1,099	745
StorageVault Canada Inc.	Canada	Real Estate	590,409	1,072	1,706
Sugi Holdings Co. Ltd.	Japan	Consumer Staples	40,000	2,854	3,019
Summit Industrial Income Real Estate Investment Trust	Canada	Real Estate	91,600	1,127	812
Superior Plus Corp.	Canada	Utilities	118,000	1,456	975
Surge Energy Inc.	Canada	Energy	378,600	949	81
Swiss Water Decaffeinated Coffee Inc.	Canada	Consumer Staples	68,354	576	186

**SCHEDULE OF INVESTMENTS (continued)**

as at March 31, 2020

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (continued)</b>					
Systema Corp.	Japan	Information Technology	149,650	2,161	2,834
Tecan Group AG	Switzerland	Health Care	5,933	1,410	2,510
Technology One Ltd.	Australia	Information Technology	390,794	2,067	2,752
TECSYS Inc.	Canada	Information Technology	27,658	392	495
Tempur Sealy International Inc.	United States	Consumer Discretionary	40,024	2,491	2,466
Teranga Gold Corp.	Canada	Materials	23,900	120	165
THOR Industries Inc.	United States	Consumer Discretionary	10,941	743	651
Tidewater Midstream and Infrastructure Ltd.	Canada	Energy	1,174,800	1,703	540
TORC Oil & Gas Ltd.	Canada	Energy	191,576	1,212	121
Torex Gold Resources Inc.	Canada	Materials	29,000	345	395
Total Energy Services Inc.	Canada	Energy	68,779	961	123
Trainline PLC	United Kingdom	Consumer Discretionary	538,752	3,977	3,174
Tsuruha Holdings Inc.	Japan	Consumer Staples	9,900	1,158	1,844
Vitasoy International Holdings Ltd.	Hong Kong	Consumer Staples	806,198	1,745	3,432
Voltronic Power Technology Corp.	Taiwan	Industrials	91,819	1,889	2,681
Webjet Ltd.	Australia	Consumer Discretionary	207,292	2,200	337
Wesdome Gold Mines Ltd.	Canada	Materials	36,200	127	268
WiseTech Global Ltd.	Australia	Information Technology	117,020	1,370	1,718
WSP Global Inc.	Canada	Industrials	27,456	1,391	2,194
Yangarra Resources Ltd.	Canada	Energy	132,802	386	49
Yuexiu Transport Infrastructure Ltd.	China	Industrials	301,122	368	257
				239,506	246,658
<b>COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS</b>				(455)	-
<b>TOTAL INVESTMENTS</b>				254,322	258,054
<b>Net Assets</b>					
Total investments					258,054
Cash and cash equivalents					10,158
Derivative assets (see schedule of forward currency contracts)					18
Derivative liabilities (see schedule of forward currency contracts)					(2,635)
Other net assets (liabilities)					(1,888)
					263,707

**Schedule of Asset Composition**

at March 31, 2020

	% of net assets
<b>BY ASSET TYPE</b>	
Equities	93.5
Exchange Traded Funds	4.3
Cash and cash equivalents	3.9
Other	(1.7)
<b>Total</b>	<b>100.0</b>

	% of net assets
<b>BY REGION</b>	
Canada	17.1
Pacific ex Japan	16.9
Japan	16.1
United States	14.8
United Kingdom	14.6
Europe ex U.K.	13.7
Latin America	1.9
Middle East and Africa	1.0
Cash and cash equivalents	3.9
<b>Total</b>	<b>100.0</b>

	% of net assets
<b>BY SECTOR</b>	
Information Technology	25.1
Industrials	21.2
Consumer Staples	9.5
Health Care	9.5
Consumer Discretionary	9.1
Financials	7.5
Real Estate	5.6
Communication Services	4.1
Materials	3.5
Energy	2.1
Utilities	0.7
Cash and cash equivalents	3.9
Other	(1.8)
<b>Total</b>	<b>100.0</b>

at March 31, 2019

	% of net assets
<b>BY ASSET TYPE</b>	
Equities	88.6
Exchange Traded Funds	6.7
Cash and cash equivalents	4.6
Other	0.1
<b>Total</b>	<b>100.0</b>

	% of net assets
<b>BY REGION</b>	
Canada	19.4
Pacific ex Japan	18.9
United States	16.7
Japan	14.4
Europe ex U.K.	13.7
United Kingdom	10.7
Latin America	1.1
Middle East and Africa	0.5
Cash and cash equivalents	4.6
<b>Total</b>	<b>100.0</b>

	% of net assets
<b>BY SECTOR</b>	
Information Technology	24.0
Industrials	19.3
Health Care	9.2
Consumer Staples	7.6
Consumer Discretionary	7.3
Financials	6.6
Energy	5.2
Real Estate	5.0
Materials	4.9
Communication Services	3.5
Utilities	0.1
Cash and cash equivalents	4.6
Other	2.7
<b>Total</b>	<b>100.0</b>

**Schedule of Derivative Instruments**

as at March 31, 2020

**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	06-10-2020	6,570 CAD	6,570	4,421 EUR	6,875	-	(305)
AA	05-06-2020	10,544 CAD	10,544	7,933 USD	11,159	-	(615)
AA	05-06-2020	7,689 CAD	7,689	5,722 USD	8,049	-	(359)
AA	05-06-2020	7,698 CAD	7,698	5,722 USD	8,049	-	(351)
AA	05-06-2020	10,533 CAD	10,533	7,933 USD	11,159	-	(626)
AA	06-10-2020	723 EUR	1,107	1,107 CAD	1,124	18	-
AA	05-06-2020	7,933 USD	11,259	11,259 CAD	11,159	-	(100)
AA	05-06-2020	5,722 USD	8,144	8,144 CAD	8,049	-	(95)
AA	05-06-2020	5,722 USD	8,128	8,128 CAD	8,049	-	(79)
AA	05-06-2020	7,933 USD	11,264	11,264 CAD	11,159	-	(105)
						18	(2,635)

**TOTAL DERIVATIVE ASSETS**

18

**TOTAL DERIVATIVE LIABILITIES**

(2,635)

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

The information provided in these financial statements and notes thereto is for the year ended or as at March 31, 2020 and 2019, as applicable. In the year a series is established, 'period' represents the period from inception to the period end of that fiscal period. Refer to Note 10 (a) for series inception dates.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 5015 Spectrum Way, Suite 300, Mississauga, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus and/or exempt distribution options.

Counsel Portfolio Services Inc. (the "Manager" or "Counsel") acts as the Fund's manager and trustee.

**2. BASIS OF PREPARATION AND PRESENTATION**

These annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). 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 July 10, 2020.

**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.

**(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.

**NOTES TO ANNUAL FINANCIAL STATEMENTS**

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(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. The fair value of net assets presented in the financial statements is consistent with the net asset values calculated for the purchase and redemption of the Fund's redeemable securities calculated in accordance with securities regulations.

**(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 sums of the increase (decrease) in net assets attributable to securityholders from operations for each month, divided by the weighted average number of securities outstanding during each month.

**(k) Mergers**

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

**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.

The outbreak of the novel coronavirus (COVID-19) developed rapidly over the first three months of 2020, with the World Health Organization declaring it a pandemic on March 11, 2020, and governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown.

The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at March 31, 2020.

The duration and impact of the COVID-19 pandemic on businesses and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

**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 qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. The Fund's taxation year end is December 15.

Losses of the Fund cannot be allocated to securityholders and are retained in the Fund for use in future years. Non-capital losses incurred may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Net capital losses may be carried forward indefinitely to reduce future realized capital gains.

Refer to Note 10 (d) for a summary of the Fund's loss carryforwards.

**6. MANAGEMENT FEES AND OPERATING EXPENSES**

Counsel is paid a management fee for arranging for the management of the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by securityholders.

Each series of the Fund, excluding series O, is charged a fixed rate annual administration fee ("Administration Fee"), as applicable, and in return, Counsel bears all of the operating expenses of the Fund, other than certain specified fund costs.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Counsel Funds' Independent Review Committee, costs of complying with the regulatory requirement to produce Fund Facts, any new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after October 29, 2019 (the date of the Fund's last Simplified Prospectus).

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

At its sole discretion, the Manager may waive management fees or Administration fees otherwise payable by a series.

**7. FUND'S CAPITAL**

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2020 and 2019 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 ANNUAL 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 order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against pre-determined minimum liquidity percentages, established for different time periods. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e. investments that can be readily sold).

Other investment funds managed by Counsel ("Top Funds") may invest in Series O securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. Series Private Wealth securities may also be issued on a prospectus-exempt basis to investors in the IPC Private Wealth program offered by IPC Securities Corporation, an affiliate of Counsel.

From time to time, these holdings may be rebalanced by either reducing an allocation to the Fund or eliminating such investments in the Fund entirely. In either case, depending on the size of the investment by a large investor, this could cause a significant redemption from the Fund. Meeting such a redemption may require the Fund to sell portfolio holdings. This could result in the Fund selling a particular holding before it has achieved the valuation sought by the Manager thus affecting Fund returns. This could also result in the Fund realizing capital gains on its holdings earlier than planned, which could result in capital gains distributed to investors in the Fund (which could result in income tax payable by the investor) that might not have occurred or might have occurred at a later date.

For the amounts held by and the changes thereto during the period pertaining to Series O and/or Series Private Wealth, please refer to the amounts disclosed in the Statement of Financial Position and Statement of Changes in Financial Position.

**(c) Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment into which it has entered 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 underlying investment funds and ETFs.

**9. FURTHER INFORMATION**

A copy of the Fund's current Simplified Prospectus, Annual Information Form, Management Report of Fund Performance, Fund Fact Sheets, quarterly portfolio disclosures and proxy voting policies and disclosures will be provided, without charge, by: calling toll-free 1-877-625-9885, writing to Counsel Portfolio Services Inc., 5015 Spectrum Way, Suite 300, Mississauga, ON, L4W 0E4, by visiting our website at [www.counsel-services.com](http://www.counsel-services.com) or by visiting [www.sedar.com](http://www.sedar.com).

**NOTES TO ANNUAL FINANCIAL STATEMENTS**

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

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

Series	Date of Inception	Minimum Investment (\$)	Management Fee <sup>7</sup> (%)	Administration Fee <sup>7</sup> (%)
Series A <sup>1</sup>	May 27, 2005	1,000	1.95	0.31
Series F <sup>2,3</sup>	February 13, 2006	1,000	1.10	0.15
Series I <sup>2,3,4,7</sup>	March 1, 2006	1,000	-	0.15
Series O <sup>3,5</sup>	June 6, 2005	-	-	-
Series Private Wealth <sup>3,6</sup>	January 7, 2009	-	-	0.15

<sup>1</sup> As described in the Fund's Simplified Prospectus, securities of this series purchased under the sales charge purchase option may be subject to a fee of up to 5%. Securities purchased under the redemption charge or low-load purchase options may be subject to a redemption fee of up to 6% or 3% respectively; new securities are not available under these purchase options but may be acquired through switching from other Counsel funds. Effective April 1, 2020, investors in this series may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

<sup>2</sup> A negotiable advisory or asset-based fee (plus sales taxes) is payable by investors to their dealer(s) in connection with the securities held in this series. The fee may be collected by Counsel from the investor's account through redemption of securities and remitted to the dealer at the investor's request. Alternatively, the dealer may collect it directly from the investor. Investors in this series may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

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

<sup>4</sup> The management fee for this series is 1.10% and is payable directly to Counsel generally through the monthly redemption of securities.

<sup>5</sup> There are no management or administration fees for this series since these securities are designed to facilitate fund-of-fund investing where duplication of management fees is prohibited. This series may pay monthly distributions of net income to minimize risks associated with large redemption by other Counsel funds.

<sup>6</sup> There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in the IPC Private Wealth Program and agree to pay certain asset-based fees.

<sup>7</sup> Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

**(b) Investment Objectives and Strategies**

The Fund seeks long-term growth of capital by investing primarily in Canadian, U.S. and international small-capitalization equities.

**(c) Risks Associated with Financial Instruments****i. Currency Risk**

The table below indicates the foreign currencies, to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of forward currency contracts.

March 31, 2020				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	15,223	16	-	15,239
Chinese yuan	4,891	-	-	4,891
Danish krone	4,156	-	-	4,156
Euro	29,665	426	(5,751)	24,340
Hong Kong dollars	3,432	(110)	-	3,322
Indian rupee	7,676	-	-	7,676
Japanese yen	42,438	(42)	-	42,396
New Taiwan dollar	3,438	-	-	3,438
South African rand	2,618	-	-	2,618
United Kingdom pounds	38,545	455	-	39,000
United States dollars	39,152	587	-	39,739
Other	9,573	(245)	-	9,328
Total	200,807	1,087	(5,751)	196,143
As percent of net assets (%)				74.4

March 31, 2019				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Australian dollars	23,486	1	-	23,487
Chinese yuan	6,905	-	-	6,905
Danish krone	4,136	-	-	4,136
Euro	37,963	8	-	37,971
Hong Kong dollars	7,197	-	-	7,197
Indian rupee	14,303	-	-	14,303
Japanese yen	56,024	79	-	56,103
South Korean won	4,333	-	-	4,333
Swedish krona	5,701	-	-	5,701
United Kingdom pounds	41,648	2	-	41,650
United States dollars	64,809	9,883	(25,236)	49,456
Other currencies	15,297	(5)	-	15,292
Total	281,802	9,968	(25,236)	266,534
As percent of net assets (%)				68.4

As at March 31, 2020, 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 \$9,807 or 3.7% of total net assets (March 31, 2019 – \$13,327 or 3.4% of total net assets). In practice, the actual trading results may differ and the difference could be material.

**NOTES TO ANNUAL FINANCIAL STATEMENTS**

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

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

## ii. Interest Rate Risk

As at March 31, 2020 and March 31, 2019, 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 March 31, 2020, 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 \$25,805 or 9.8% of total net assets (March 31, 2019 – \$37,152 or 9.5% of total net assets). In practice, the actual trading results may differ and the difference could be material.

## iv. Credit Risk

As at March 31, 2020 and March 31, 2019, 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 tax loss carryforwards available to offset future taxable income.

**(e) Fair Value Classification**

The table below summarizes the Fund's financial instruments carried at fair value using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

as at March 31, 2020	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Exchange Traded Funds	11,396	-	-	11,396
Equities	102,474	144,184	-	246,658
Cash equivalents	-	1,965	-	1,965
Derivative assets	-	18	-	18
Derivative liabilities	-	(2,635)	-	(2,635)
<b>Total</b>	<b>113,870</b>	<b>143,532</b>	<b>-</b>	<b>257,402</b>

  

as at March 31, 2019	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Equities	370,144	1,378	-	371,522
Cash equivalents	-	2,111	-	2,111
Derivative assets	-	109	-	109
Derivative liabilities	-	-	-	-
<b>Total</b>	<b>370,144</b>	<b>3,598</b>	<b>-</b>	<b>373,742</b>

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

As of March 31, 2020, these securities were classified as Level 2 (March 31, 2019 – Level 1). Other than as described above, there were no significant transfers between Level 1 and Level 2. Cash equivalents classified as level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

**NOTES TO ANNUAL FINANCIAL STATEMENTS**

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

**10. FUND SPECIFIC INFORMATION (continued)****(f) Commissions**

The brokerage commissions paid to certain dealers included an investment of \$174 (2019 – \$153) that was available for payment to third party vendors for the provision of investment decision making services. This amount represented 30.8% (2019 – 20.5%) of the total commissions and other transaction costs paid during the period.

**(g) Securities Lending**

as at	Value of securities loaned	Value of collateral received
March 31, 2020	45,190	48,596
March 31, 2019	19,479	20,729

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2020 and 2019 is presented below:

for the year ended March 31	Amount (\$)		Percentage of Total Amount (%)	
	2020	2019	2020	2019
Gross Securities Lending Income	131	145	100.0	100.0
Securities Lending Agent fees	(29)	(36)	(22.1)	(24.8)
Securities Lending Income to the Fund before Withholdings Taxes	102	109	77.9	75.2
Withholding Taxes	(1)	(1)	(0.8)	(0.7)
Securities Lending Income	101	108	77.1	74.5

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