COUNSEL | PORTFOLIO SERVICES

Counsel Conservative *portfolio*

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

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Independent Auditor's Report

To the Securityholders of:

Counsel Fixed Income
Counsel Money Market
Counsel Balanced Portfolio
Counsel Conservative Portfolio
Counsel Growth Portfolio
Counsel All Equity Portfolio
Counsel Monthly Income Portfolio
Counsel Global Small Cap
Counsel Canadian Dividend
Counsel Canadian Value
Counsel Canadian Growth
Counsel U.S. Value
Counsel U.S. Growth
Counsel International Value
Counsel International Growth
Counsel Global Real Estate
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Counsel Retirement Foundation Portfolio
Counsel Retirement Accumulation Portfolio
Counsel Retirement Income Portfolio
Counsel Defensive Global Equity
Counsel Global Low Volatility Equity
Counsel Canadian Core Fixed Income
IPC Multi-Factor Canadian Equity
IPC Multi-Factor U.S. Equity
IPC Multi-Factor International Equity

(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
Assets		
Current assets:		
Investments at fair value	325,668	396,928
Cash	379	300
Accrued interest receivable	-	-
Dividends receivable	-	-
Accounts receivable for investments sold	130	-
Accounts receivable for securities issued	31	350
Accounts receivable from the Manager	6	-
Other assets	-	-
	326,214	397,578
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	326,214	397,578
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	-	190
Accounts payable for securities redeemed	240	752
Distributions payable	-	-
Accrued expenses and miscellaneous payables	12	26
Dividends payable on investments sold short	-	-
Taxes payable	-	-
Other liabilities	-	2
Total liabilities	252	970
Net assets attributable to securityholders	325,962	396,608

STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
Income:		
Dividends	822	658
Interest and other income	9,380	11,864
Net realized gain (loss)	8,824	11,515
Net unrealized gain (loss)	(29,106)	(13,683)
Trust income	-	-
Total income	(10,080)	10,354
Expenses:		
Management fees	4,272	4,588
Management fee rebates	(15)	(13)
Administration fees	811	882
Independent Review Committee costs	9	9
Interest and other charges	2	6
Expenses before amounts absorbed by Manager	5,079	5,472
Expenses absorbed by Manager	-	-
Net expenses	5,079	5,472
Increase (decrease) in net assets attributable to securityholders from operations before tax	(15,159)	4,882
Provision for (recovery of) income taxes	-	-
Increase (decrease) in net assets attributable to securityholders from operations	(15,159)	4,882

	Net assets attributable to securityholders			
	per security		per series	
	2020	2019	2020	2019
Series A	14.19	15.23	76,811	85,824
Series E	14.06	15.09	60,820	84,814
Series F	14.60	15.67	72,426	87,832
Series I	15.06	16.16	79,766	98,409
Series Private Wealth	10.08	10.82	25,411	26,399
Series Private Wealth I	9.08	9.75	10,250	12,760
Series T	7.90	9.19	478	570
			325,962	396,608

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2020	2019	2020	2019
Series A	(0.86)	0.04	(4,642)	443
Series E	(0.81)	0.08	(3,198)	186
Series F	(0.69)	0.22	(3,259)	1,008
Series I	(0.53)	0.41	(2,495)	2,386
Series Private Wealth	(0.35)	0.27	(960)	661
Series Private Wealth I	(0.43)	0.15	(581)	195
Series T	(0.46)	-	(24)	3
			(15,159)	4,882

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

STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	TOTAL		SERIES A		SERIES E		SERIES F	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets attributable to securityholders, beginning of period	396,608	419,431	85,824	93,829	84,814	91,418	87,832	89,306
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	(15,159)	4,882	(4,642)	443	(3,198)	186	(3,259)	1,008
Distributions:								
Income	(5,642)	(7,663)	(407)	(776)	(545)	(993)	(1,339)	(1,770)
Capital gains	(2,759)	(7,044)	(638)	(1,526)	(554)	(1,533)	(606)	(1,553)
Return of capital	(50)	(28)	-	-	-	-	-	-
Management fee rebates	(15)	(13)	-	-	-	-	(10)	(9)
Total distributions	(8,466)	(14,748)	(1,045)	(2,302)	(1,099)	(2,526)	(1,955)	(3,332)
Security transactions:								
Proceeds from sale of securities	59,138	109,509	17,001	17,803	-	13,033	14,943	30,191
Proceeds from securities issued on merger	-	18,980	-	7,087	-	-	-	8,295
Reinvested from distributions	7,943	13,797	1,018	2,237	1,016	2,316	1,641	2,816
Payment on redemption of securities	(114,102)	(155,243)	(21,345)	(33,273)	(20,713)	(19,613)	(26,776)	(40,452)
Total security transactions	(47,021)	(12,957)	(3,326)	(6,146)	(19,697)	(4,264)	(10,192)	850
Increase (decrease) in assets attributable to securityholders	(70,646)	(22,823)	(9,013)	(8,005)	(23,994)	(6,604)	(15,406)	(1,474)
Net assets attributable to securityholders, end of period	325,962	396,608	76,811	85,824	60,820	84,814	72,426	87,832
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period			5,636	6,016	5,621	5,917	5,604	5,566
Add (deduct):								
Securities sold			1,105	1,161	-	831	947	1,901
Securities issued on merger			-	454	-	-	-	515
Reinvested from distributions			66	156	66	162	103	189
Securities redeemed			(1,394)	(2,151)	(1,361)	(1,289)	(1,694)	(2,567)
Securities outstanding, end of period			5,413	5,636	4,326	5,621	4,960	5,604

	SERIES I		SERIES PRIVATE WEALTH		SERIES PRIVATE WEALTH I		SERIES T	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets attributable to securityholders, beginning of period	98,409	109,105	26,399	26,418	12,760	9,355	570	-
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	(2,495)	2,386	(960)	661	(581)	195	(24)	3
Distributions:								
Income	(2,403)	(3,157)	(721)	(719)	(224)	(238)	(3)	(10)
Capital gains	(659)	(1,808)	(198)	(401)	(100)	(211)	(4)	(12)
Return of capital	-	-	-	-	-	-	(50)	(28)
Management fee rebates	-	-	-	-	(5)	(4)	-	-
Total distributions	(3,062)	(4,965)	(919)	(1,120)	(329)	(453)	(57)	(50)
Security transactions:								
Proceeds from sale of securities	14,903	24,778	9,618	16,848	2,551	6,706	122	150
Proceeds from securities issued on merger	-	3,060	-	-	-	-	-	538
Reinvested from distributions	2,984	4,825	919	1,113	326	450	39	40
Payment on redemption of securities	(30,973)	(40,780)	(9,646)	(17,521)	(4,477)	(3,493)	(172)	(111)
Total security transactions	(13,086)	(8,117)	891	440	(1,600)	3,663	(11)	617
Increase (decrease) in assets attributable to securityholders	(18,643)	(10,696)	(988)	(19)	(2,510)	3,405	(92)	570
Net assets attributable to securityholders, end of period	79,766	98,409	25,411	26,399	10,250	12,760	478	570
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period	6,088	6,594	2,439	2,384	1,309	937	62	-
Add (deduct):								
Securities sold	920	1,516	878	1,558	260	682	13	16
Securities issued on merger	-	185	-	-	-	-	-	54
Reinvested from distributions	183	312	84	108	33	49	4	4
Securities redeemed	(1,893)	(2,519)	(880)	(1,611)	(473)	(359)	(19)	(12)
Securities outstanding, end of period	5,298	6,088	2,521	2,439	1,129	1,309	60	62

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
Cash flows from operating activities		
Increase (decrease) in net assets attributable to securityholders from operations	(15,159)	4,882
Less non-cash impact of:		
Net realized loss (gain) on investments	(7,511)	(5,077)
Change in net unrealized loss (gain) on investments	29,106	13,683
Distributions received from Underlying Funds	(11,508)	(18,950)
Adjustments for:		
Proceeds from sale and maturity of investments	144,085	101,774
Purchases of investments	(83,232)	(49,400)
(Increase) decrease in accounts receivable and other assets	(6)	1
Increase (decrease) in accounts payable and other liabilities	(16)	(3)
Net cash provided by (used in) operating activities	55,759	46,910
Cash flows from financing activities:		
Proceeds from securities issued	59,457	109,488
Proceeds from securities issued on merger	-	(389)
Payments on redemption of securities	(114,614)	(155,169)
Distributions paid net of reinvestments	(523)	(951)
Net cash provided by (used in) financing activities	(55,680)	(47,021)
Increase (decrease) in cash	79	(111)
Cash (Bank indebtedness) at beginning of period	300	411
Effect of exchange rate fluctuations on cash	-	-
Cash (Bank indebtedness), end of period	379	300
Cash	379	300
Cash equivalents	-	-
Bank indebtedness	-	-
	379	300
Supplementary disclosures on cash flow from operating activities:		
Income taxes paid (recovered)	-	-
Interest received	8	10
Interest paid	2	5

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

SCHEDULE OF INVESTMENTS

as at March 31, 2020

				Indirect Exposure to Financial Instrument Risks (note 8):			
	No. of Units	Average Cost ($000)	Fair Value ($000)	Currency Risk	Interest Rate Risk	Other Price Risk	Credit Risk
MUTUAL FUNDS							
Counsel Canadian Growth Series O	455,441	6,129	5,588	✓		✓	
Counsel Canadian Value Series O	512,717	7,429	6,563			✓	
Counsel Fixed Income Series O	15,571,254	198,148	197,372	✓	✓		✓
Counsel Global Real Estate Series O	901,905	11,223	9,822	✓		✓	✓
Counsel Global Small Cap Series O	1,143,260	16,733	16,146	✓		✓	
Counsel Global Trend Strategy Series O	2,474,634	27,108	24,666	✓	✓	✓	✓
Counsel International Growth Series O	356,407	7,063	7,828	✓		✓	
Counsel International Value Series O	887,779	11,276	9,184	✓		✓	
Counsel Short Term Bond Series O	183,274	1,776	1,729	✓	✓		✓
Counsel U.S. Growth Series O	332,032	7,740	9,370	✓		✓	
Counsel U.S. Value Series O	1,144,418	16,013	10,980	✓		✓	
IPC Multi-Factor Canadian Equity Series O	851,226	8,141	6,585			✓	
IPC Multi-Factor International Equity Series O	1,113,120	10,993	9,201	✓		✓	
IPC Multi-Factor U.S. Equity Series O	1,311,258	13,153	10,634	✓		✓	
TOTAL INVESTMENTS		342,925	325,668				

Net Assets	
Total investments	325,668
Cash	379
Other net assets (liabilities)	(85)
	325,962

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 Underlying Funds.

at March 31, 2020

	% of net assets
UNDERLYING FUND TYPE	
Income Funds	61.0
U.S. Equity Funds	17.2
International Equity Funds	13.0
Canadian Equity Funds	5.7
Global Real Estate	3.0
Cash	0.1
Total	**100.0**
EFFECTIVE SECTOR ALLOCATION	
Government Bonds	33.1
Corporate Bonds	25.8
Information Technology	5.7
Financials	4.4
Real Estate	4.4
Industrials	3.7
Consumer Discretionary	3.0
Consumer Staples	2.8
Health Care	2.1
Utilities	1.8
Materials	1.8
Communication Services	1.5
Energy	1.2
Cash	0.1
Other	8.6
	100.0
EFFECTIVE REGIONAL ALLOCATION	
Canada	49.1
United States	30.6
Europe ex U.K.	6.4
Pacific ex Japan	5.1
Japan	2.9
United Kingdom	2.7
Latin America	2.7
Middle East and Africa	0.4
Cash	0.1
	100.0

at March 31, 2019

	% of net assets
UNDERLYING FUND TYPE	
Income Funds	58.8
International Equity Funds	25.5
U.S. Equity Funds	7.3
Canadian Equity Funds	5.3
Global Real Estate	3.2
Cash	0.1
Other	(0.2)
Total	**100.0**
EFFECTIVE SECTOR ALLOCATION	
Government Bonds	28.3
Corporate Bonds	26.3
Financials	5.3
Industrials	4.7
Information Technology	4.7
Real Estate	4.1
Consumer Staples	3.2
Consumer Discretionary	3.0
Communication Services	2.6
Health Care	2.5
Energy	2.5
Materials	1.9
Utilities	0.5
Cash	0.1
Other	10.3
	100.0
EFFECTIVE REGIONAL ALLOCATION	
Canada	52.0
United States	22.8
Europe ex U.K.	7.4
Pacific ex Japan	7.3
United Kingdom	4.1
Latin America	3.5
Japan	2.5
Middle East and Africa	0.3
Cash	0.1
	100.0

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 13, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial instruments include financial assets and liabilities such as open-ended investment funds 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.

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) Investments in underlying mutual funds

The Fund accounts for its holdings in underlying mutual funds at FVTPL. Counsel has concluded that the unlisted open-ended investment funds in which the Fund invests, do not meet the definition of structured entities.

(c) 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.

Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund.

The Fund's financial instruments carried at fair value are classified using the following fair value hierarchy:

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

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

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

As at March 31, 2020 and March 31, 2019, all investments (consisting of mutual fund units) were classified as Level 1. There were no significant transfers between Level 1 and Level 2 during the periods.

(d) Income recognition

Distributions from underlying mutual funds are recorded on the declaration date. Distributions of Canadian dividends are included in dividend income. Capital gains distributions from underlying funds are included in Net realized gains (losses). Other distributions are included in interest and other income. Realized gains or losses on the sale of 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.

(e) Offsetting

The Fund only offsets financial assets and liabilities in the Statement of Financial Position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Income and expenses are not offset in the statement of comprehensive income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

(f) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(g) Net asset value per security

Net asset value per security is determined for the purchase and redemption of securities in accordance with the methods disclosed in the Fund's Simplified Prospectus and Annual Information Form. These methods may vary from valuation principles under IFRS. As at March 31, 2020 and March 31, 2019, there were no such differences.

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

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statements of Comprehensive Income represents the 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.

(i) 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.

NOTES TO ANNUAL FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

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 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.

Structured entities

Counsel is required to make significant judgments in determining whether certain investments meet the definition to be classified as a structured entity. In making this determination Counsel has assessed the characteristics of these underlying investments and has considered the contracts or financing arrangements with these investments, the ability to influence the activities of these underlying investments or the returns it receives from investing in these entities.

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 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, and 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).

8. FINANCIAL INSTRUMENTS RISK

(a) Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 Financial Instruments: Disclosures ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, grouped by asset type, with geographic and sector information.

The Manager seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives and strategies, as disclosed in Note 10 (b). To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

(b) Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. 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).

(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's greatest indirect concentration of credit risk is to securities and derivatives held by underlying funds. For more information regarding the credit risk of underlying funds, refer to the Underlying Funds' financial statements available on the SEDAR website at www.sedar.com or at www.counselservices.com.

NOTES TO ANNUAL FINANCIAL STATEMENTS

8. FINANCIAL INSTRUMENTS RISK (continued)

(d) Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the underlying funds are exposed to currency risk to the extent that their investments are denominated or traded in a foreign currency.

The Fund follows a dynamic hedging strategy where its underlying Counsel equity funds target a hedge against the U.S. dollar (the largest foreign currency exposure), based on the Manager's expectation of future exchange rates at that time. As at March 31, 2020, underlying Counsel equity funds were targeting a hedge of 0% (March 31, 2019 – 25%) against the U.S. Dollar. In February 2020, Counsel introduced a similar dynamic hedge against the Euro; as at March 31, 2020 underlying Counsel equity funds were targeting a 25% hedge against the Euro. Note 10 (c) summarizes the Fund's exposure to currency risk, through its investments in underlying funds.

(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. Note 10 (c) summarizes the Fund's exposure to interest rate risk, through its investments in underlying funds.

(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, through its investments in underlying funds.

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.counselservices.com or by visiting 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[7] (%)	Administration Fee[7] (%)
Series A[1]	January 15, 2002	1,000	1.90	0.25
Series E[4,9]	February 13, 2006	75,000	1.66	0.25
Series F[2,3,4]	February 13, 2006	1,000	0.95	0.15
Series I[2,4,5,7]	March 1, 2006	1,000	-	0.15
Series Private Wealth[4,6]	February 27, 2014	-	-	0.15
Series Private Wealth I[2,3,4,8]	May 25, 2017	1,000	0.95	0.15
Series T[1,10]	September 4, 2018	1,000	1.90	0.25

[1] *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 previously 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.*

[2] *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.*

[3] *On September 4, 2018, the management fee was reduced from 0.96% to 0.95%.*

[4] *Securities of this series are not subject to sales charges or redemption charges.*

[5] *The management fee for this series is 0.95% and is payable directly to Counsel generally through the monthly redemption of securities. On September 4, 2018, the management fee was reduced from 0.96% to 0.95%*

[6] *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.*

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

[8] *This series is available solely to those investing through a private client service offering from IPC Investment Corporation and IPC Securities Corporation.*

[9] *This series is not available for purchase.*

[10] *This series is designed for investors who want to receive a monthly cash distribution at an annualized rate of up to 8% per year.*

(b) Investment Objectives and Strategies

The Fund invests in securities of a variety of Canadian, U.S. and international equity and fixed income mutual funds (the "Underlying Funds"). The Fund's asset class weightings will generally be 50 – 70% in fixed income securities and 30 – 50% in equity securities.

The Fund employs a passive investment strategy whereby investments in securities of other mutual funds ("Underlying Funds") are based on target asset weightings. The target weightings allocated to each Underlying Fund and the selection of Underlying Funds are based on several factors, including impact to the Fund's volatility and asset class diversification.

(c) Risks Associated with Financial Instruments

i. Currency Risk

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 $8,711 or 2.7% of total net assets (March 31, 2019 – $8,695 or 2.2% of total net assets). In practice, the actual trading results may differ and the difference could be material.

ii. Interest Rate Risk

As at March 31, 2020, had the 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 $13,245 or 4.1% of total net assets (March 31, 2019 – $12,069 or 3.0% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the Underlying Funds' bond portfolios. In practice, the actual trading results may differ and the difference could be material.

iii. Other Price Risk

As at March 31, 2020, had the prices on the respective stock exchanges for the equity securities held by the Underlying Funds raised or lowered by 10.0%, with all other variables held constant, net assets would have increased or decreased by approximately $10,512 or 3.2% of total net assets (March 31, 2019 – $13,938 or 3.5% of total net assets). In practice, the actual trading results may differ and the difference could be material.

iv. Credit Risk

The Fund's greatest indirect concentration of credit risk is in debt securities and derivatives held by underlying funds. For more information regarding the credit risk of underlying funds, refer to the Underlying Funds' financial statements available on the SEDAR website at www.sedar.com or at www.counselservices.com.

(d) Loss Carryforwards

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

(e) Fund Merger

Effective the close of business on September 7, 2018, the Fund merged with Counsel Conservative Portfolio Class (the "Terminating Fund"), a mutual fund managed by Counsel. The merger was approved by the Counsel Funds' Independent Review Committee. The merger was affected by transferring the net assets (primarily securities in other mutual funds) of the Terminating Fund in exchange for securities of the Fund at fair market value. Counsel paid the expenses incurred to affect the merger.

(f) Non-cash transactions with other Counsel Funds

In February 2020, the Fund redeemed securities of Counsel International Value in exchange for $6,440 of investments. The value of the securities was determined based on end of day market prices used in that fund's valuation. These investments were in turn provided to IPC Multi-Factor International Equity in exchange for securities of that fund for the same value.