

**COUNSEL | PORTFOLIO SERVICES**

# Counsel Global Fixed Income

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	54,100	65,923
Cash and cash equivalents	44,756	54,649
Accrued interest receivable	816	1,047
Dividends receivable	-	-
Accounts receivable for investments sold	-	-
Accounts receivable for securities issued	-	42
Accounts receivable from the Manager	-	-
Margin on derivative contracts	343	1,119
Derivative assets	1,900	1,035
Other assets	-	-
	101,915	123,815
<b>Non-current assets:</b>		
Taxes recoverable	-	-
Other assets	-	-
	-	-
<b>Total assets</b>	101,915	123,815
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	-	-
Accounts payable for investments purchased	-	-
Accounts payable for securities redeemed	292	136
Distributions payable	-	-
Accrued expenses and miscellaneous payables	-	1
Dividends payable on investments sold short	-	-
Derivative liabilities	393	1,015
Taxes payable	-	-
Other liabilities	-	-
	685	1,152
<b>Total liabilities</b>	685	1,152
<b>Net assets attributable to securityholders</b>	101,230	122,663

	Net assets attributable to securityholders			
	per security		per series	
	2020	2019	2020	2019
Series O	9.31	9.73	34,905	46,079
Series Private Wealth	8.88	9.28	66,325	76,584
			101,230	122,663

**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2020	2019
<b>Income:</b>		
Dividends	-	-
Interest and other income	4,134	4,723
Net realized gain (loss)	(923)	(1,208)
Net unrealized gain (loss)	(941)	(6,156)
Income (loss) from derivatives	(3,477)	52
Income (loss) from short selling	-	-
Securities lending income	-	-
Trust income	-	-
<b>Total income</b>	(1,207)	(2,589)
<b>Expenses:</b>		
Management fees	-	-
Management fee rebates	-	-
Administration fees	120	134
Commissions and other portfolio transaction costs	2	2
Independent Review Committee costs	2	2
Interest and other charges	-	-
<b>Expenses before amounts absorbed by Manager</b>	124	138
Expenses absorbed by Manager	-	-
<b>Net expenses</b>	124	138
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	(1,331)	(2,727)
Foreign withholding tax expense (recovery)	51	36
Foreign income tax expense (recovery)	1	-
Income tax expense (recovery)	-	-
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	(1,383)	(2,763)

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2020	2019	2020	2019
Series O	(0.08)	(0.17)	(469)	(999)
Series Private Wealth	(0.11)	(0.19)	(914)	(1,764)
Series R	n/a	(0.39)	n/a	-
			(1,383)	(2,763)

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

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

	TOTAL		SERIES O		SERIES PRIVATE WEALTH		SERIES R	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Net assets attributable to securityholders, beginning of period</b>	122,663	150,800	46,079	61,796	76,584	89,003	-	1
Increase (decrease) in net assets attributable to securityholders resulting from:								
<b>Operations</b>	(1,383)	(2,763)	(469)	(999)	(914)	(1,764)	-	-
<b>Distributions:</b>								
Income	(3,746)	(4,722)	(1,406)	(1,940)	(2,340)	(2,782)	-	-
Capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-
<b>Total distributions</b>	(3,746)	(4,722)	(1,406)	(1,940)	(2,340)	(2,782)	-	-
<b>Security transactions:</b>								
Proceeds from sale of securities	14,236	48,410	3,037	4,913	11,199	43,497	-	-
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	3,742	4,709	1,406	1,940	2,336	2,769	-	-
Payment on redemption of securities	(34,282)	(73,771)	(13,742)	(19,631)	(20,540)	(54,139)	-	(1)
<b>Total security transactions</b>	(16,304)	(20,652)	(9,299)	(12,778)	(7,005)	(7,873)	-	(1)
<b>Increase (decrease) in assets attributable to securityholders</b>	(21,433)	(28,137)	(11,174)	(15,717)	(10,259)	(12,419)	-	(1)
<b>Net assets attributable to securityholders, end of period</b>	101,230	122,663	34,905	46,079	66,325	76,584	-	-
<b>Increase (decrease) in securities (in thousands):</b>								
<b>Securities outstanding, beginning of period</b>			4,736	6,024	8,253	9,095	-	-
Add (deduct):								
Securities sold			325	515	1,242	4,630	-	-
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			148	199	258	298	-	-
Securities redeemed			(1,460)	(2,002)	(2,283)	(5,770)	-	-
<b>Securities outstanding, end of period</b>			3,749	4,736	7,470	8,253	-	-

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	(1,383)	(2,763)
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	923	1,208
Change in net unrealized loss (gain) on investments	941	6,156
Distributions received from Underlying Funds	-	-
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	59,471	42,343
Purchases of investments	(52,484)	(37,212)
(Increase) decrease in accounts receivable and other assets	1,007	(508)
Increase (decrease) in accounts payable and other liabilities	(1)	-
<b>Net cash provided by (used in) operating activities</b>	<b>8,474</b>	<b>9,224</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	14,278	48,541
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(34,126)	(73,841)
Distributions paid net of reinvestments	(4)	(13)
<b>Net cash provided by (used in) financing activities</b>	<b>(19,852)</b>	<b>(25,313)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(11,378)</b>	<b>(16,089)</b>
Cash and cash equivalents at beginning of period	54,649	70,972
Effect of exchange rate fluctuations on cash and cash equivalents	1,485	(234)
<b>Cash and cash equivalents, end of period</b>	<b>44,756</b>	<b>54,649</b>
Cash	40,262	51,803
Cash equivalents	4,494	2,846
Bank indebtedness	-	-
	44,756	54,649
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received net of withholding taxes	-	-
Interest received (purchased) net of withholding taxes	4,314	5,079
Interest paid	-	-
Income taxes paid (recovered)	-	-

**SCHEDULE OF INVESTMENTS**

as at March 31, 2020

	Country	Sector	Currency*	No. of Units, Shares, or Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS</b>						
Argentine Bonos del Tesoro 18.20% 10-03-2021	Argentina	Foreign Governments	ARS	20,062,000	1,559	207
Argentine Bonos del Tesoro 16.00% 10-17-2023	Argentina	Foreign Governments	ARS	32,003,000	2,052	265
Argentine Bonos del Tesoro 15.50% 10-17-2026	Argentina	Foreign Governments	ARS	30,515,000	1,969	240
Brazil Notas do Tesouro Nacional 10.00% 01-01-2021 Series F	Brazil	Foreign Governments	BRL	154,500	470	440
Federative Republic of Brazil 0% 07-01-2020	Brazil	Foreign Governments	BRL	1,669,300	4,725	4,497
Federative Republic of Brazil 0% 10-01-2020	Brazil	Foreign Governments	BRL	942,000	2,608	2,518
Federative Republic of Brazil 0% 01-01-2022	Brazil	Foreign Governments	BRL	260,100	738	659
Ghana Government Bond 18.50% 06-01-2020 Series 3Y	Ghana	Foreign Governments	GHS	50,000	14	12
Ghana Government Bond 18.25% 09-21-2020 Series 3YR	Ghana	Foreign Governments	GHS	100,000	28	24
Ghana Government Bond 24.75% 03-01-2021	Ghana	Foreign Governments	GHS	100,000	32	25
Ghana Government Bond 16.50% 03-22-2021 Series 3Y	Ghana	Foreign Governments	GHS	6,030,000	1,773	1,419
Ghana Government Bond 16.25% 05-17-2021	Ghana	Foreign Governments	GHS	410,000	114	96
Ghana Government Bond 24.75% 07-19-2021	Ghana	Foreign Governments	GHS	100,000	32	25
Ghana Government Bond 18.25% 07-25-2022 Series 5Y	Ghana	Foreign Governments	GHS	470,000	139	110
Ghana Government Bond 17.60% 11-28-2022 Series 5YR	Ghana	Foreign Governments	GHS	1,080,000	313	241
Government of Argentina 0% 04-08-2020	Argentina	Foreign Governments	ARS	3,403,730	37	32
Government of Argentina 0% 05-13-2020	Argentina	Foreign Governments	ARS	5,140,300	88	85
Government of Argentina F/R 05-28-2020	Argentina	Foreign Governments	ARS	11,153,348	248	203
Government of Argentina F/R 07-31-2020	Argentina	Foreign Governments	ARS	3,951,000	86	74
Government of Argentina 0% 08-27-2020	Argentina	Foreign Governments	ARS	2,545,210	35	47
Government of Argentina F/R 08-28-2020	Argentina	Foreign Governments	ARS	7,642,730	168	132
Government of Colombia 7.00% 05-04-2022	Colombia	Foreign Governments	COP	2,635,000,000	1,187	951
Government of Colombia 10.00% 07-24-2024	Colombia	Foreign Governments	COP	1,340,000,000	690	533
Government of Indonesia 7.00% 05-15-2022	Indonesia	Foreign Governments	IDR	27,000,000,000	2,621	2,378
Government of Indonesia 7.00% 05-15-2027	Indonesia	Foreign Governments	IDR	21,721,000,000	2,135	1,785
Government of Japan Treasury Bill 0% 08-11-2020	Japan	Foreign Governments	JPY	405,000,000	4,906	5,311
Government of Korea 1.75% 12-10-2020	South Korea	Foreign Governments	KOR	4,145,000,000	4,938	4,820
Government of Korea 1.38% 12-10-2029	South Korea	Foreign Governments	KOR	5,050,000,000	5,663	5,744
Government of Mexico 0% 04-02-2020	Mexico	Foreign Governments	MXN	60,948,000	395	361
Government of Mexico 0% 06-04-2020	Mexico	Foreign Governments	MXN	60,659,000	393	355
Government of Mexico 0% 06-18-2020	Mexico	Foreign Governments	MXN	60,660,000	387	355
Government of Mexico 6.50% 06-10-2021	Mexico	Foreign Governments	MXN	72,030,000	4,831	4,287
Government of Mexico 7.25% 12-09-2021	Mexico	Foreign Governments	MXN	4,150,000	288	250
Government of Mexico 6.50% 06-09-2022	Mexico	Foreign Governments	MXN	31,520,000	2,133	1,884
Government of Mexico 10.00% 12-05-2024	Mexico	Foreign Governments	MXN	20,000	2	1
Government of Norway 1.17% 09-16-2021	Norway	Foreign Governments	NOK	207,000	29	27
Government of Norway 1.18% 09-16-2021	Norway	Foreign Governments	NOK	414,000	58	55
Government of Norway 1.19% 09-16-2021	Norway	Foreign Governments	NOK	560,000	82	75
Government of Norway 1.25% 09-16-2021	Norway	Foreign Governments	NOK	1,530,000	221	206
Government of Norway 3.75% 05-25-2021	Norway	Foreign Governments	NOK	21,845,000	3,278	3,076
Government of Norway 2.00% 05-24-2023	Norway	Foreign Governments	NOK	10,815,000	1,613	1,538
Government of Norway 3.00% 03-14-2024	Norway	Foreign Governments	NOK	8,348,000	1,289	1,243
Government of Norway 1.75% 03-13-2025 Series 477	Norway	Foreign Governments	NOK	3,100,000	460	444
Government of Norway 1.50% 02-19-2026	Norway	Foreign Governments	NOK	1,953,000	255	279
Government of Switzerland 2.00% 04-28-2021	Switzerland	Foreign Governments	CHF	3,500,000	5,247	5,297
Mexican Bonos 8.00% 12-07-2023	Mexico	Foreign Governments	MXN	15,510,000	1,133	970
Republic of Argentina 4.50% 02-13-2020	Argentina	Foreign Governments	USD	199,000	262	100
Republic of Argentina 0% 04-28-2020	Argentina	Foreign Governments	ARS	15,412,900	333	79
Republic of Argentina 0% 05-28-2020	Argentina	Foreign Governments	ARS	950,900	17	14
Republic of Argentina F/R 06-21-2020	Argentina	Foreign Governments	ARS	580,760	23	8
Republic of Argentina 0% 07-29-2020	Argentina	Foreign Governments	ARS	9,724,500	298	208
Republic of Argentina 0% 10-29-2020	Argentina	Foreign Governments	ARS	5,990,040	128	115
					62,523	54,100
<b>COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS</b>					(2)	-
<b>TOTAL INVESTMENTS</b>					62,521	48,426
<b>Net Assets:</b>						
Total investments						54,100
Cash and cash equivalents						44,756
Derivative assets (see schedule of derivative instruments)						1,900
Derivative liabilities (see schedule of derivative instruments)						(393)
Other net assets (liabilities)						867
						101,230

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

**Schedule of Asset Composition**

at March 31, 2020

	% of net assets
<b>BY ASSET TYPE</b>	
Government Bonds	53.4
Cash and cash equivalents	44.2
Other	2.4
<b>Total</b>	<b>100.0</b>

**REGIONAL ALLOCATION**

Latin America	19.7
Pacific ex Japan	14.5
Europe ex U.K.	12.1
Japan	5.2
Canada	2.4
Middle East and Africa	1.9
Cash and cash equivalents	44.2
<b>100.0</b>	

at March 31, 2019

	% of net assets
<b>BY ASSET TYPE</b>	
Government Bonds	53.7
Swaps	(0.4)
Cash and cash equivalents	44.6
Other	2.1
<b>Total</b>	<b>100.0</b>

**REGIONAL ALLOCATION**

Pacific ex Japan	27.0
Latin America	25.1
Canada	2.1
Middle East and Africa	1.6
United States	0.4
Cash and cash equivalents	44.6
<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	04-02-2020	1,415 BRL	387	274 USD	384	-	(2)
A	04-21-2020	126,201 JPY	1,658	1,176 USD	1,656	-	(2)
AA	04-21-2020	79,510 JPY	1,044	740 USD	1,043	-	(1)
AA	04-24-2020	33,398 JPY	431	306 USD	438	7	-
AA	05-29-2020	538,197 JPY	7,041	4,994 USD	7,074	33	-
AA	06-04-2020	80,933 JPY	1,059	751 USD	1,064	5	-
A	06-08-2020	97,418 JPY	1,302	924 USD	1,281	-	(21)
AA	06-08-2020	84,193 JPY	1,104	783 USD	1,107	3	-
AA	06-08-2020	92,523 JPY	1,238	878 USD	1,217	-	(22)
A	06-18-2020	131,123 JPY	1,705	1,209 USD	1,725	20	-
AA	06-22-2020	64,410 JPY	859	609 USD	847	-	(11)
AA	06-22-2020	64,410 JPY	838	594 USD	847	9	-
AA	06-24-2020	162,770 JPY	2,192	1,555 USD	2,141	-	(50)
AA	06-24-2020	255,305 JPY	3,291	2,334 USD	3,359	68	-
A	09-08-2020	97,418 JPY	1,323	939 USD	1,285	-	(38)
A	09-08-2020	248,578 JPY	3,275	2,323 USD	3,278	3	-
AA	09-08-2020	83,696 JPY	1,136	806 USD	1,104	-	(33)
AA	09-08-2020	92,523 JPY	1,224	868 USD	1,220	-	(4)
A	09-09-2020	97,418 JPY	1,294	918 USD	1,285	-	(9)
AA	09-23-2020	128,681 JPY	1,688	1,197 USD	1,698	10	-
A	09-24-2020	190,091 JPY	2,476	1,756 USD	2,508	32	-
AA	05-26-2020	17,400 SEK	2,577	1,828 USD	2,483	-	(94)
AA	05-26-2020	15,961 SEK	2,363	1,676 USD	2,277	-	(86)
AA	05-27-2020	2,134 SEK	315	223 USD	304	-	(10)
AA	08-31-2020	3,403 SEK	496	352 USD	486	-	(10)
AA	04-02-2020	276 USD	389	1,415 BRL	384	5	-
AA	05-05-2020	276 USD	389	1,419 BRL	384	5	-
AA	05-05-2020	317 USD	447	1,314 BRL	356	91	-
A	06-02-2020	296 USD	417	1,493 BRL	403	14	-
AA	06-02-2020	270 USD	381	1,158 BRL	313	68	-
A	06-25-2020	125 USD	176	643 BRL	174	3	-
AA	06-30-2020	103 USD	145	531 BRL	143	2	-
AA	07-02-2020	273 USD	385	1,415 BRL	382	3	-
A	07-02-2020	148 USD	208	755 BRL	204	5	-
A	07-02-2020	148 USD	209	744 BRL	201	8	-
AA	07-02-2020	193 USD	272	988 BRL	267	6	-
AA	07-02-2020	339 USD	478	1,705 BRL	460	18	-
AA	08-04-2020	322 USD	453	1,452 BRL	391	62	-
A	04-20-2020	5,725 USD	8,072	6,860,000 KOR	7,938	134	-
A	05-11-2020	1,489 USD	2,099	1,765,000 KOR	2,044	55	-
A	04-06-2020	2,279 USD	3,213	46,420 MXN	2,752	462	-

## Schedule of Derivative Instruments

as at March 31, 2020

## Schedule of Forward Currency Contracts (continued)

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	04-08-2020	127 USD	179	2,552 MXN	151	28	-
AA	06-17-2020	209 USD	295	4,248 MXN	250	45	-
AA	06-17-2020	95 USD	134	1,936 MXN	114	20	-
AA	06-17-2020	126 USD	178	2,568 MXN	151	27	-
A	10-07-2020	1,659 USD	2,339	34,620 MXN	2,006	333	-
AA	10-08-2020	127 USD	179	2,619 MXN	152	27	-
AA	10-09-2020	95 USD	134	1,967 MXN	114	20	-
AA	10-13-2020	209 USD	295	4,319 MXN	250	45	-
AA	10-13-2020	108 USD	152	2,238 MXN	130	23	-
AA	10-15-2020	468 USD	660	9,652 MXN	559	102	-
AA	10-16-2020	433 USD	610	8,838 MXN	511	99	-
						1,900	(393)

## TOTAL DERIVATIVE ASSETS

1,900

## TOTAL DERIVATIVE LIABILITIES

(393)

## Note:

The following abbreviations are used in the above tables:

ARS – Argentina peso

BRL – Brazilian real

CNY – Chinese yuan

COP – Colombian peso

EUR – Euro

GBP – United Kingdom pounds

GHS – Ghana cedi

IDR – Indonesian rupiah

INR – Indian rupee

JPY – Japanese yen

KOR – South Korean won

MXN – Mexican peso

NOK – Norwegian Krone

THB – Thailand baht

USD – United States dollars

**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 (%)	Administration Fee (%)
Series O <sup>1,4</sup>	January 17, 2018	-	-	-
Series Private Wealth <sup>2,4</sup>	May 23, 2014	-	-	0.15
Series R <sup>3,4</sup>	May 23, 2014	-	-	-

<sup>1</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.

<sup>2</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>3</sup> This series is not available for sale and is held solely by Counsel. On December 10, 2018, this series was terminated.

<sup>4</sup> Securities of this series are not subject to sales charges or redemption charges.

**(b) Investment Objectives and Strategies**

The Fund seeks to achieve a high level of current income with the potential for capital appreciation. The Fund invests primarily in fixed-income securities issued around the world generally outside of developed markets.

**(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
Argentina peso	1,708	594	-	2,302
Brazilian real	8,114	134	(3,678)	4,570
Colombian peso	1,484	-	-	1,484
Ghana cedi	1,953	128	-	2,081
Indonesian rupiah	4,162	177	-	4,339
Japanese yen	-	9,500	36,177	45,677
Mexican peso	8,463	-	(7,140)	1,323
Norwegian krona	6,580	715	-	7,295
South Korean won	10,565	110	(9,982)	693
Swedish krona	-	-	5,550	5,550
Swiss franc	5,297	-	-	5,297
United States dollars	100	38,744	(20,583)	18,261
Total	48,426	50,102	344	98,872
As percent of net assets (%)				97.7

March 31, 2019				
Currency	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Argentina peso	5,568	(391)	-	5,177
Brazilian real	11,237	-	3,210	14,447
Colombian peso	1,826	239	-	2,065
Ghana cedi	1,972	132	-	2,104
Indian rupee	-	-	(1)	(1)
Indonesian rupiah	9,791	-	-	9,791
Mexican peso	11,940	909	-	12,849
Philippine peso	-	2,944	-	2,944
South Korean won	11,660	6	(11,029)	637
Thailand baht	11,677	1,106	-	12,783
United States dollars	251	49,446	(5,453)	44,244
Total	65,922	54,391	(13,273)	107,040
As percent of net assets (%)				87.3

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 \$4,944 or 4.9% of total net assets (March 31, 2019 – \$5,352 or 4.4% 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

The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity.

Bonds	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total
March 31, 2020	21,597	24,455	8,048	-	54,100
March 31, 2019	25,687	28,403	11,833	-	65,923

The Fund additionally uses interest rate swaps to counteract the interest rate risk inherent in its fixed income instruments. 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 respectively by approximately \$1,136 or 1.1% of total net assets. As at March 31, 2019, 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 increased or decreased respectively by approximately \$1,042 or 0.8% of total net assets. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the Fund's bond portfolio and interest rate swaps. In practice, the actual trading results may differ and the difference could be material.

## iii. Other Price Risk

As at March 31, 2020 and March 31, 2019, the Fund did not have a significant exposure to other price risk.

## iv. Credit Risk

The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. As at March 31, 2020, the Fund's maximum exposure to any one debt issuer was 10.4% (March 31, 2019 – 8.8%).

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

March 31, 2020	
AAA	12.1
AA	15.6
A	-
BBB	14.0
less than BBB	10.0
Unrated	1.7
Total	53.4
March 31, 2019	
AA	7.4
A	11.4
BBB	9.5
less than BBB	15.4
Unrated	10.0
Total	53.7

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

**(d) Loss Carryforwards**

As at the last taxation year-end, \$927 of net capital losses and \$nil of non-capital losses were 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	-	54,100	-	54,100
Mutual Funds	-	-	-	-
Cash equivalents	-	4,494	-	4,494
Derivative assets	-	1,900	-	1,900
Derivative liabilities	-	(393)	-	(393)
Total	-	60,101	-	60,101
as at March 31, 2019	Level 1	Level 2	Level 3	Total
Fixed income	-	65,923	-	65,923
Mutual Funds	-	-	-	-
Cash equivalents	-	2,846	-	2,846
Derivative assets	-	1,035	-	1,035
Derivative liabilities	-	(1,015)	-	(1,015)
Total	-	68,789	-	68,789

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.

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Client Services 180 Queen St. W., Toronto, ON M5V 3K1 • Toll-Free: 1-877-216-4979 • Fax: (416) 922-5660

Sales & Marketing 5015 Spectrum Way, Suite 300, Mississauga ON L4W 0E4 • Toll-Free: 1-877-625-9885 • Fax: 1-844-378-6247