

COUNSEL | PORTFOLIO SERVICES

Counsel Retirement Income portfolio

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period ended September 30, 2019

STATEMENTS OF FINANCIAL POSITION

at September 30, 2019 (unaudited) with comparative figures at March 31, 2019 (audited)
(in \$ 000 except per security amounts)

	Sept. 30 2019	Mar. 31 2019
Assets		
Current assets:		
Investments at fair value	66,052	67,045
Cash and cash equivalents	10,095	10,088
Accrued interest receivable	-	-
Dividends receivable	11	28
Accounts receivable for investments sold	1,128	-
Accounts receivable for securities issued	14	5
Accounts receivable from the Manager	-	-
Margin with broker	660	642
Derivative assets	713	654
Other assets	-	-
	<u>78,673</u>	<u>78,462</u>
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	78,673	78,462
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	1,192	38
Accounts payable for securities redeemed	128	33
Distributions payable	-	-
Accrued expenses and miscellaneous payables	-	1
Dividends payable on investments sold short	-	-
Derivative liabilities	191	103
Taxes payable	-	-
Other liabilities	-	-
Total liabilities	1,511	175
Net assets attributable to securityholders	77,162	78,287

	Net assets attributable to securityholders			
	per security		per series	
	Sept. 30 2019	Mar. 31 2019	Sept. 30 2019	Mar. 31 2019
Series A	8.41	8.51	8,858	9,015
Series F	8.73	8.77	6,518	5,160
Series I	8.99	8.99	3,709	3,389
Series O	10.09	10.01	55,440	58,657
Series Private Wealth	9.01	9.00	1,867	1,136
Series Private Wealth I	8.97	9.01	770	930
			<u>77,162</u>	<u>78,287</u>

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended September 30 (unaudited)
(in \$ 000 except per security amounts)

	2019	2018
Income:		
Dividends	474	433
Interest and other income	818	913
Net realized gain (loss)	375	(1,178)
Net unrealized gain (loss)	(46)	1,424
Income (loss) from derivatives	21	(178)
Income (loss) from short selling	-	-
Securities lending income	36	47
Trust income	-	-
Total income	1,678	1,461
Expenses:		
Management fees	127	125
Management fee rebates	-	-
Administration fees	22	21
Commissions and other portfolio transaction costs	10	18
Independent Review Committee costs	-	-
Interest and other charges	1	3
Expenses before amounts absorbed by Manager	160	167
Expenses absorbed by Manager	-	-
Net expenses	160	167
Increase (decrease) in net assets attributable to securityholders		
from operations before tax	1,518	1,294
Foreign withholding tax expense (recovery)	12	163
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
Increase (decrease) in net assets attributable to securityholders		
from operations	1,506	1,131

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2019	2018	2019	2018
Series A	0.08	0.02	84	23
Series F	0.13	0.08	94	47
Series I	0.18	0.12	72	48
Series O	0.21	0.14	1,218	1,005
Series Private Wealth	0.18	0.12	23	10
Series Private Wealth I	0.14	0.08	15	(2)
			<u>1,506</u>	<u>1,131</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended September 30 (unaudited) (in \$ 000 except when stated)

	TOTAL		SERIES A		SERIES F		SERIES I	
	2019	2018	2019	2018	2019	2018	2019	2018
Net assets attributable to securityholders, beginning of period	78,287	92,738	9,015	9,269	5,160	4,652	3,389	2,572
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	1,506	1,131	84	23	94	47	72	48
Distributions:								
Income	(866)	(638)	-	-	(40)	-	(42)	(19)
Capital gains	-	-	-	-	-	-	-	-
Return of capital	(319)	(389)	(191)	(214)	(81)	(107)	(27)	(43)
Management fee rebates	-	-	-	-	-	-	-	-
Total distributions	(1,185)	(1,027)	(191)	(214)	(121)	(107)	(69)	(62)
Security transactions:								
Proceeds from sale of securities	4,160	3,758	563	1,549	1,739	577	511	688
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	1,130	996	165	206	105	88	67	58
Payment on redemption of securities	(6,736)	(12,725)	(778)	(1,185)	(459)	(647)	(261)	(635)
Total security transactions	(1,446)	(7,971)	(50)	570	1,385	18	317	111
Increase (decrease) in assets attributable to securityholders	(1,125)	(7,867)	(157)	379	1,358	(42)	320	97
Net assets attributable to securityholders, end of period	77,162	84,871	8,858	9,648	6,518	4,610	3,709	2,669
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period			1,059	1,056	588	519	377	283
Add (deduct):								
Securities sold			67	178	199	64	57	77
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			19	24	12	10	7	6
Securities redeemed			(92)	(135)	(53)	(72)	(29)	(69)
Securities outstanding, end of period			1,053	1,123	746	521	412	297

	SERIES O		SERIES PRIVATE WEALTH		SERIES PRIVATE WEALTH I	
	2019	2018	2019	2018	2019	2018
Net assets attributable to securityholders, beginning of period	58,657	74,610	1,136	1,332	930	303
Increase (decrease) in net assets attributable to securityholders resulting from:						
Operations	1,218	1,005	23	10	15	(2)
Distributions:						
Income	(763)	(614)	(14)	(5)	(7)	-
Capital gains	-	-	-	-	-	-
Return of capital	-	-	(9)	(13)	(11)	(12)
Management fee rebates	-	-	-	-	-	-
Total distributions	(763)	(614)	(23)	(18)	(18)	(12)
Security transactions:						
Proceeds from sale of securities	351	404	777	33	219	507
Proceeds from securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	763	614	23	18	7	12
Payment on redemption of securities	(4,786)	(9,605)	(69)	(626)	(383)	(27)
Total security transactions	(3,672)	(8,587)	731	(575)	(157)	492
Increase (decrease) in assets attributable to securityholders	(3,217)	(8,196)	731	(583)	(160)	478
Net assets attributable to securityholders, end of period	55,440	66,414	1,867	749	770	781
Increase (decrease) in securities (in thousands):						
Securities outstanding, beginning of period	5,859	7,542	126	146	103	33
Add (deduct):						
Securities sold	35	40	86	4	25	55
Securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	76	61	3	2	1	1
Securities redeemed	(477)	(962)	(8)	(69)	(43)	(3)
Securities outstanding, end of period	5,493	6,681	207	83	86	86

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

STATEMENTS OF CASH FLOWS

for the periods ended September 30 (unaudited) (in \$ 000)

	2019	2018
Cash flows from operating activities		
Increase (decrease) in net assets attributable to securityholders from operations	1,506	1,131
Less non-cash impact of:		
Net realized loss (gain) on investments	(375)	1,178
Change in net unrealized loss (gain) on investments	46	(1,424)
Distributions received from Underlying Funds	-	-
Adjustments for:		
Proceeds from sale and maturity of investments	28,705	53,604
Purchases of investments	(27,260)	(50,397)
(Increase) decrease in accounts receivable and other assets	(1)	10
Increase (decrease) in accounts payable and other liabilities	(1)	-
Net cash provided by (used in) operating activities	2,620	4,102
Cash flows from financing activities:		
Proceeds from securities issued	4,151	3,378
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(6,641)	(12,848)
Distributions paid net of reinvestments	(55)	(31)
Net cash provided by (used in) financing activities	(2,545)	(9,501)
Increase (decrease) in cash and cash equivalents	75	(5,399)
Cash and cash equivalents at beginning of period	10,088	12,681
Effect of exchange rate fluctuations on cash and cash equivalents	(68)	35
Cash and cash equivalents, end of period	10,095	7,317
Cash	10,095	7,317
Cash equivalents	-	-
Bank indebtedness	-	-
	10,095	7,317
Supplementary disclosures on cash flow from operating activities:		
Dividends received net of withholding taxes	479	244
Interest received net of withholding taxes	818	913
Interest paid	-	3
Income taxes paid (recovered)	-	-

SCHEDULE OF INVESTMENTS

as at September 30, 2019 (unaudited)

	No. of Units	Average Cost (\$ 000)	Fair Value (\$ 000)	Indirect Exposure to Financial Instrument Risks (note 8):			
				Currency Risk	Interest Rate Risk	Other Price Risk	Credit Risk
EXCHANGE TRADED FUNDS							
Invesco S&P 500 BuyWrite ETF	99,313	2,852	2,846	✓		✓	
Invesco Senior Loan ETF	152,781	4,544	4,568	✓	✓		✓
iShares 0-5 Year High Yield Corporate Bond ETF	49,562	3,021	3,050	✓	✓		✓
iShares 1-3 Year Treasury Bond ETF	36,979	4,116	4,152	✓	✓		✓
iShares 3-7 Year Treasury Bond ETF	24,627	4,080	4,133	✓	✓		✓
iShares 7-10 Year Treasury Bond ETF	27,595	3,993	4,108	✓	✓		✓
iShares Canadian Corporate Bond Index ETF	34,803	723	758		✓		✓
iShares Emerging Markets High Yield Bond ETF	46,419	2,855	2,856	✓	✓		✓
iShares Floating Rate Bond ETF	11,255	730	759	✓			✓
iShares Global High Yield Corporate Bond ETF	46,978	3,005	3,034	✓	✓		✓
iShares iBoxx \$ High Yield Corporate Bond ETF	26,425	2,959	3,049	✓	✓		✓
iShares iBoxx \$ Investment Grade Corporate Bond ETF	4,463	683	753	✓	✓		✓
iShares J.P. Morgan USD Emerging Markets Bond ETF	18,761	2,681	2,815	✓	✓		✓
iShares Mortgage Real Estate ETF	36,763	2,049	2,050	✓		✓	
iShares National Muni Bond ETF	4,986	726	753	✓		✓	
iShares Preferred and Income Securities ETF	46,178	2,207	2,293	✓			
iShares Short-Term Corporate Bond ETF	10,687	730	759	✓	✓	✓	✓
iShares TIPS Bond ETF	4,875	713	750	✓	✓		✓
SPDR Bloomberg Barclays Convertible Securities ETF	65,395	4,490	4,540	✓	✓		✓
SPDR Citi International Government Inflation-Protected Bond ETF	10,498	752	760	✓	✓	✓	✓
SPDR S&P International Dividend ETF	56,591	2,872	2,917	✓		✓	
Utilities Select Sector SPDR Fund	34,622	2,405	2,967	✓		✓	
Vanguard Canadian Short-Term Bond Index ETF	31,748	752	759		✓		✓
Vanguard FTSE Canadian High Dividend Yield Index ETF	87,179	2,944	3,025	✓		✓	
Vanguard Global ex-U.S. Real Estate ETF	29,923	2,265	2,320	✓		✓	
Vanguard High Dividend Yield ETF	25,176	2,889	2,957	✓		✓	
Vanguard Real Estate ETF	18,801	2,042	2,321	✓		✓	
		64,078	66,052				
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS		(9)	-				
TOTAL INVESTMENTS		<u>64,069</u>	<u>66,052</u>				
Net Assets							
Total investments			66,052				
Cash and cash equivalents			10,095				
Derivative assets (see schedule of derivative instruments)			713				
Derivative liabilities (see schedule of derivative instruments)			(191)				
Other net assets (liabilities)			493				
			<u>77,162</u>				

Schedule of Asset Composition

The effective allocation shows the regional or sector exposure of the Fund calculated by including the Fund's proportionate share of its holdings in index participation units and derivatives.

at September 30, 2019 (unaudited)

	% of net assets
BY ASSET TYPE	
Fixed Income ETFs	58.0
Equity ETFs	28.0
Swaps*	0.6
Cash and cash equivalents	13.1
Other	0.3
Total	100.0

EFFECTIVE SECTOR ALLOCATION

Corporate Bonds	32.3
Government Bonds	29.8
Utilities	10.6
Financials	7.9
Real Estate	7.0
Industrials	2.9
Energy	1.6
Communication Services	1.3
Information Technology	1.3
Materials	1.3
Health Care	1.2
Consumer Staples	0.9
Consumer Discretionary	0.7
Cash and cash equivalents	13.1
Other	(11.9)
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

United States	56.3
Canada	9.9
United Kingdom	6.3
Europe ex U.K.	4.5
Pacific ex Japan	3.7
Latin America	2.8
Middle East	2.1
Japan	1.3
Cash and cash equivalents	13.1
Total	100.0

*Swaps have a total notional value of 13.5% of the Fund's NAV.

at March 31, 2019

	% of net assets
BY ASSET TYPE	
Fixed Income ETFs	55.7
Equity ETFs	29.9
Swaps*	0.6
Cash and cash equivalents	12.9
Other	0.9
Total	100.0

EFFECTIVE SECTOR ALLOCATION

Corporate Bonds	32.8
Government Bonds	24.1
Financials	10.5
Real Estate	7.2
Utilities	7.0
Information Technology	2.1
Telecommunication Services	1.8
Consumer Staples	1.6
Industrials	1.6
Energy	1.4
Cash and cash equivalents	12.9
Other	(3.0)
Total	100.0

EFFECTIVE REGIONAL ALLOCATION

United States	64.9
Europe ex U.K.	11.1
Canada	7.1
Pacific ex Japan	4.7
Latin America	4.5
United Kingdom	2.1
Middle East	2.1
Japan	1.0
Cash and cash equivalents	12.9
Total	110.4

*Swaps have a total notional value of 13.3% of the Fund's NAV.

Schedule of Derivative Instruments

as at September 30, 2019 (unaudited)

Schedule of Swaps

Referenced debt	Termination date	Fixed payments	Notional value (\$ 000)	Market value (\$ 000)
Markit CDX North America High Yield Index Series 32	December 2024	5.00%	3,035	210
Markit CDX Emerging Market Index Series 31	September 2024	1.00%	2,846	(143)
Markit CDX North America High Investment Grade Index Series 32	September 2024	1.00%	758	15
Markit ITRAXX Europe Index Series 31	September 2024	1.00%	752	18
Markit ITRAXX Europe Crossover Series 31	September 2024	5.00%	3,010	399
				499

Schedule of Forward Currency Contracts

Counterparty credit rating	Settlement date	Currency to be received (000)	Contract costs (CAD\$ 000)	Currency to be delivered (000)	Current fair value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)
AA	10-28-2019	18,052 CAD	18,052	13,668 USD	18,100	-	(48)
AA	10-28-2019	18,111 CAD	18,111	13,623 USD	18,040	71	-
						71	(48)

TOTAL DERIVATIVE ASSETS

713

TOTAL DERIVATIVE LIABILITIES

(191)

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

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2019 and 2018 (as applicable), except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2019. 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 unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgments and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2019. 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 are rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by Counsel's Board of Directors on November 12, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Financial Instruments**

Financial instruments include financial assets and liabilities such as debt and equity securities and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments. Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

Investments are designated on initial recognition as FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple contractual obligations and therefore meet the criteria for classification as financial liabilities. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

Realized and unrealized gains and losses on investments are calculated based on average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

(b) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments, including exchange traded funds ("ETFs"), listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price where this price falls within the quoted bid-ask spread for the investment. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Counsel's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by the Manager using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data. The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Manager, provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statements of Comprehensive Income – Other changes in fair value of investments - Net unrealized gain (loss).

Further information on the Fund's fair value measurements may be found in Note 10.

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Securities lending transactions are administered by the Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income – Securities lending income and recognized when earned.

(f) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statements of Comprehensive Income – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Offsetting**

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

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

Net asset value per security is determined for the purchase and redemption of securities in accordance with the methods disclosed in the Fund's Simplified Prospectus and Annual Information Form. These methods may vary from valuation principles under IFRS. 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 increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

(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.

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, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, 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 fee 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 September 30, 2019 and March 31, 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 INTERIM UNAUDITED FINANCIAL STATEMENTS**8. FINANCIAL INSTRUMENTS RISK****(a) Risk exposure and management**

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

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

(b) Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In 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, and is monitored quarterly. 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 including indirect exposure through ETFs.

(f) Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategy. Note 10 (c) summarizes the Fund's exposure to other price risk, including indirect exposure through ETFs.

9. FURTHER INFORMATION

A copy of the Fund's current 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 or by visiting www.sedar.com.

NOTES TO INTERIM UNAUDITED 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 ^e (%)	Administration Fee ^e (%)
Series A ^{1,8}	January 7, 2016	1,000	1.90	0.25
Series F ^{2,3,4,8}	January 7, 2016	1,000	0.85	0.15
Series I ^{2,3,4,6,8}	January 7, 2016	1,000	-	0.15
Series O ^{4,9}	January 17, 2018	-	-	-
Series Private Wealth ^{4,5,8}	January 7, 2016	-	-	0.15
Series Private Wealth I ^{4,7,8}	May 25, 2017	1,000	0.85	0.15

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 purchased under the redemption charge or low-load purchase options may be subject to a redemption fee of up to 6% or 3% respectively.

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 The management fee for this series is 0.85% and is payable directly to Counsel generally through the monthly redemption of securities.

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

⁵ 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.

⁶ Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

⁷ This series is available solely to those investing through a private client service offering from IPC Investment Corporation and IPC Securities Corporation.

⁸ This series is designed for investors who want to receive a fixed per security monthly distribution.

⁹ 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.

(b) Investment Objectives and Strategies

The Fund seeks to provide regular income with the potential for long-term capital growth for retirees and pre-retirees by investing, either directly or indirectly through other investment funds, in equity, fixed income, or credit securities of companies around the world and/or through the use of derivatives such as futures and swap contracts.

(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.

Currency	September 30, 2019			
	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Euro	-	-	416	416
United States dollars	61,510	10,258	(36,057)	35,711
Total	61,510	10,258	(35,641)	36,127
As percent of net assets (%)				46.8

Currency	March 31, 2019			
	Investments	Cash and cash equivalents	Derivative instruments	Net exposure
Euro	2	-	350	352
United States dollars	62,686	9,856	(17,990)	54,552
Total	62,688	9,856	(17,640)	54,904
As percent of net assets (%)				70.1

As at September 30, 2019 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 \$2,140 or 2.3% of total net assets (March 31, 2019 – \$2,745 or 3.5% of total net assets). In practice, the actual trading results may differ and the difference could be material.

ii. Interest Rate Risk

As at September 30, 2019, had prevailing interest rates raised or lowered by 1.0%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$1,806 or 2.3% of total net assets (March 31, 2019 – \$1,824 or 2.3% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio of the Fund's ETF investments. In practice, the actual trading results may differ and the difference could be material.

iii. Other Price Risk

The Fund's most significant exposure to other price risk arises from its investment in equity securities. As at September 30, 2019, had the prices on the respective stock exchanges for these securities raised or lowered by 10.0%, with all other variables held constant, net assets would have increased or decreased by approximately \$1,654 or 2.1% of total net assets (March 31, 2019 – \$2,110 or 2.7% of total net assets). In practice, the actual trading results may differ and the difference could be material.

iv. Credit Risk

The Fund has indirect exposure to the credit risk of issuers through its swap transactions. As at September 30, 2019, the notional value of these contracts represented 13.5% (March 31, 2019 – 13.3%) of the net assets of the Fund.

Additionally, the Fund has indirect exposure to credit risk pertaining to government and corporate bonds through its holdings in ETFs. As of September 30, 2019, these represented 54.9% of the Fund's net assets (March 31, 2019 – 55.7%).

NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS

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

10. FUND SPECIFIC INFORMATION (continued)**(d) Loss Carryforwards**

As at the last taxation year-end, \$720 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 September 30, 2019	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Mutual Funds	-	-	-	-
Equities	66,052	-	-	66,052
Cash equivalents	-	-	-	-
Derivative assets	-	713	-	713
Derivative liabilities	-	(191)	-	(191)
Total	66,052	522	-	66,574

as at March 31, 2019	Level 1	Level 2	Level 3	Total
Fixed income	-	-	-	-
Mutual Funds	-	-	-	-
Equities	67,045	-	-	67,045
Cash equivalents	-	-	-	-
Derivative assets	-	654	-	654
Derivative liabilities	-	(103)	-	(103)
Total	67,045	551	-	67,596

There were no significant transfers between Level 1 and Level 2.

(f) Securities Lending

as at	Value of securities loaned	Value of collateral received
September 30, 2019	19,095	20,070
March 31, 2019	1,967	2,076

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended September 30, 2019 and 2018 is presented below:

for the six-month period ended September 30	Amount (\$)		Percentage of Total Amount (%)	
	2019	2018	2019	2018
Gross Securities Lending Income	60	84	100.0	100.0
Securities Lending Agent fees	(12)	(15)	(20.0)	(17.9)
Securities Lending Income to the Fund before Withholdings Taxes	48	69	80.0	82.1
Withholding Taxes	(12)	(22)	(20.0)	(26.2)
Securities Lending Income	36	47	60.0	56.0



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