

**COUNSEL | PORTFOLIO SERVICES**

# *Counsel Canadian Core Fixed Income*

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
<b>Assets</b>		
<b>Current assets:</b>		
Investments at fair value	271,620	258,404
Cash and cash equivalents	10,351	39,083
Accrued interest receivable	1,823	1,778
Dividends receivable	-	-
Accounts receivable for investments sold	21	1,136
Accounts receivable for securities issued	523	338
Accounts receivable from the Manager	-	-
Margin with broker	221	581
Derivative assets	343	48
Other assets	-	-
	284,902	301,368
<b>Non-current assets:</b>		
Taxes recoverable	-	-
Other assets	-	-
	-	-
<b>Total assets</b>	284,902	301,368
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	-	-
Accounts payable for investments purchased	260	16,935
Accounts payable for securities redeemed	339	122
Distributions payable	-	-
Accrued expenses and miscellaneous payables	-	-
Dividends payable on investments sold short	-	-
Derivative liabilities	66	545
Taxes payable	-	-
Other liabilities	-	-
<b>Total liabilities</b>	665	17,602
<b>Net assets attributable to securityholders</b>	284,237	283,766

	Net assets attributable to securityholders			
	per security		per series	
	Sept. 30 2019	Mar. 31 2019	Sept. 30 2019	Mar. 31 2019
Series O	10.53	10.24	284,237	283,766
			284,237	283,766

**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2019	2018
<b>Income:</b>		
Dividends	-	-
Interest and other income	3,924	3,724
Net realized gain (loss)	1,378	(1,286)
Net unrealized gain (loss)	6,346	(2,658)
Income (loss) from derivatives	(813)	(122)
Income (loss) from short selling	-	-
Securities lending income	17	11
Trust income	-	-
<b>Total income</b>	10,852	(331)
<b>Expenses:</b>		
Management fees	-	-
Management fee rebates	-	-
Administration fees	-	-
Commissions and other portfolio transaction costs	1	2
Independent Review Committee costs	-	-
Interest and other charges	1	-
<b>Expenses before amounts absorbed by Manager</b>	2	2
Expenses absorbed by Manager	-	-
<b>Net expenses</b>	2	2
<b>Increase (decrease) in net assets attributable to securityholders</b>		
<b>from operations before tax</b>	10,850	(333)
Foreign withholding tax expense (recovery)	5	5
Foreign income tax expense (recovery)	-	-
Income tax expense (recovery)	-	-
<b>Increase (decrease) in net assets attributable to securityholders</b>		
<b>from operations</b>	10,845	(338)

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2019	2018	2019	2018
Series O	0.39	(0.02)	10,845	(338)
Series R	n/a	(0.02)	n/a	-
			10,845	(338)

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

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

	TOTAL		SERIES O		SERIES R	
	2019	2018	2019	2018	2019	2018
<b>Net assets attributable to securityholders, beginning of period</b>	283,766	275,013	283,766	275,012	-	1
Increase (decrease) in net assets attributable to securityholders resulting from:						
<b>Operations</b>	10,845	(338)	10,845	(338)	-	-
<b>Distributions:</b>						
Income	(2,878)	(3,579)	(2,878)	(3,579)	-	-
Capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-
<b>Total distributions</b>	(2,878)	(3,579)	(2,878)	(3,579)	-	-
<b>Security transactions:</b>						
Proceeds from sale of securities	14,013	13,410	14,013	13,410	-	-
Proceeds from securities issued on merger	-	-	-	-	-	-
Reinvested from distributions	2,878	3,579	2,878	3,579	-	-
Payment on redemption of securities	(24,387)	(26,035)	(24,387)	(26,035)	-	-
<b>Total security transactions</b>	(7,496)	(9,046)	(7,496)	(9,046)	-	-
<b>Increase (decrease) in assets attributable to securityholders</b>	471	(12,963)	471	(12,963)	-	-
<b>Net assets attributable to securityholders, end of period</b>	284,237	262,050	284,237	262,049	-	1
<b>Increase (decrease) in securities (in thousands):</b>						
<b>Securities outstanding, beginning of period</b>			27,725	27,464	-	-
Add (deduct):						
Securities sold			1,346	1,350	-	-
Securities issued on merger			-	-	-	-
Reinvested from distributions			276	361	-	-
Securities redeemed			(2,343)	(2,620)	-	-
<b>Securities outstanding, end of period</b>			27,004	26,555	-	-

**STATEMENTS OF CASH FLOWS**

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

	2019	2018
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to securityholders from operations	10,845	(338)
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	(1,378)	1,286
Change in net unrealized loss (gain) on investments	(6,346)	2,658
Distributions received from Underlying Funds	-	-
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	92,401	138,851
Purchases of investments	(114,207)	(157,606)
(Increase) decrease in accounts receivable and other assets	277	26
Increase (decrease) in accounts receivable and other liabilities	-	5
<b>Net cash provided by (used in) operating activities</b>	<b>(18,408)</b>	<b>(15,118)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	13,828	13,263
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(24,170)	(26,330)
Distributions paid net of reinvestments	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(10,342)</b>	<b>(13,067)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(28,750)</b>	<b>(28,185)</b>
Cash and cash equivalents at beginning of period	39,083	29,087
Effect of exchange rate fluctuations on cash and cash equivalents	18	(2)
<b>Cash and cash equivalents, end of period</b>	<b>10,351</b>	<b>900</b>
Cash	532	900
Cash equivalents	9,819	-
Bank indebtedness	-	-
	10,351	900
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received net of withholding taxes	-	-
Interest received net of withholding taxes	3,874	3,587
Interest paid	1	-
Income taxes paid (recovered)	-	-

## SCHEDULE OF INVESTMENTS

as at September 30, 2019 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ '000)	Fair Value (\$ '000)
<b>BONDS</b>						
407 International Inc. 3.14% 03-06-2030 Callable 2029	Canada	Corporate		140,000	141	149
407 International Inc. 3.43% 06-01-2033 MTN	Canada	Corporate		950,000	972	1,034
407 International Inc. 3.65% 09-08-2044 Callable MTN	Canada	Corporate		170,000	171	192
407 International Inc. 3.60% 05-21-2047 Callable	Canada	Corporate		1,020,000	1,034	1,148
407 International Inc. 3.72% 05-11-2048 Callable 2047	Canada	Corporate		650,000	650	748
407 International Inc. 3.67% 03-08-2049 Callable 2048	Canada	Corporate		200,000	200	229
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Ireland	Corporate	USD	350,000	436	472
AerCap Ireland Capital Designated Activity Co. 4.45% 10-01-2025 Callable 2025	Ireland	Corporate	USD	190,000	248	268
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate		130,000	128	130
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate		50,000	50	52
AIMCo Realty Investors LP 2.71% 06-01-2029 Callable 2029	Canada	Corporate		590,000	598	603
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate		710,000	757	746
Algonquin Power & Utilities Corp. 4.09% 02-17-2027 Callable	Canada	Corporate		550,000	562	587
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate		1,117,000	1,158	1,288
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate		430,000	411	432
Anheuser-Busch InBev Worldwide Inc. 4.75% 01-23-2029 Callable 2028	Belgium	Corporate	USD	70,000	92	108
Aroundtown SA 4.63% 09-18-2025 Callable 2025	Germany	Corporate		380,000	378	398
AT&T Inc. 2.85% 05-25-2024	United States	Corporate		520,000	520	523
AT&T Inc. 4.00% 11-25-2025 Callable 2025	United States	Corporate		1,020,000	1,023	1,081
AT&T Inc. 4.35% 03-01-2029 Callable 2028	United States	Corporate	USD	170,000	224	249
Bank of America Corp. 3.30% 04-24-2024 Callable 2023	United States	Corporate		350,000	350	359
Bank of America Corp. F/R 04-25-2025 Callable 2024	United States	Corporate		520,000	522	528
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate		1,110,000	1,121	1,150
Bank of Montreal 2.27% 07-11-2022 DPNT	Canada	Corporate		2,620,000	2,587	2,630
Bank of Montreal 2.89% 06-20-2023	Canada	Corporate		580,000	580	595
Bank of Montreal 2.28% 07-29-2024	Canada	Corporate		410,000	410	408
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate		1,380,000	1,370	1,414
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate		60,000	61	61
Bank of Montreal 3.19% 03-01-2028	Canada	Corporate		510,000	506	547
Bank of Montreal F/R 09-17-2029 Callable 2024	Canada	Corporate		190,000	190	190
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate		150,000	149	149
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate		1,980,000	1,956	1,992
The Bank of Nova Scotia 2.98% 04-17-2023	Canada	Corporate		1,740,000	1,743	1,789
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate		780,000	758	785
The Bank of Nova Scotia 2.49% 09-23-2024	Canada	Corporate		470,000	470	472
The Bank of Nova Scotia F/R 07-03-2029 Callable 2024	Canada	Corporate		380,000	380	379
bcIMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate		230,000	233	242
Bell Canada Inc. 2.70% 02-27-2024 Callable 2023	Canada	Corporate		1,170,000	1,150	1,180
Bell Canada Inc. 3.80% 08-21-2028 Callable 2028	Canada	Corporate		620,000	617	665
Bell Canada Inc. 2.90% 09-10-2029 Callable 2029	Canada	Corporate		530,000	529	527
Bell Canada Inc. 4.45% 02-27-2047 Callable 2046	Canada	Corporate		500,000	505	560
BP Capital Markets PLC 3.47% 05-15-2025	United Kingdom	Corporate		460,000	463	485
Brookfield Infrastructure Finance ULC 4.20% 09-11-2028 Callable 2028	Canada	Corporate		650,000	647	691
Brookfield Renewable Energy Partners ULC 3.75% 06-02-2025 Callable 2025	Canada	Corporate		870,000	888	915
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate		560,000	559	585
Brookfield Renewable Partners ULC 4.25% 01-15-2029 Callable 2028	Canada	Corporate		440,000	440	477
Brookfield Renewable Partners ULC 3.38% 01-15-2030 Callable 2029	Canada	Corporate		190,000	190	192
Brookfield Renewable Partners ULC 4.29% 11-05-2049 Callable 2049	Canada	Corporate		290,000	290	296
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate		1,110,000	1,120	1,120
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate		900,000	895	918
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate		110,000	113	118
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government		1,590,000	1,589	1,627
Canada Housing Trust No. 1 2.90% 06-15-2024	Canada	Federal Government		150,000	158	158
Canada Housing Trust No. 1 1.80% 12-15-2024	Canada	Federal Government		1,860,000	1,858	1,869
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate		780,000	774	787
Canadian Imperial Bank of Commerce 2.97% 07-11-2023	Canada	Corporate		3,050,000	3,050	3,138
Canadian Imperial Bank of Commerce 2.35% 08-28-2024	Canada	Corporate		390,000	390	389
Canadian Imperial Bank of Commerce 3.30% 05-26-2025	Canada	Corporate		240,000	240	254
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate		1,440,000	1,467	1,460
Canadian Imperial Bank of Commerce F/R 06-19-2029 Callable 2024	Canada	Corporate		380,000	380	381
Canadian Mortgage Pools 1.75% 06-01-2024	Canada	Mortgage Backed		363,396	362	361
Canadian National Railway Co. 3.00% 02-08-2029 Callable 2028	Canada	Corporate		360,000	360	379
Canadian National Railway Co. 3.60% 07-31-2048 Callable 2048	Canada	Corporate		1,320,000	1,300	1,485
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate		490,000	493	508
Canadian Pacific Railway Ltd. 3.15% 03-13-2029 Callable 2028	Canada	Corporate		310,000	309	323
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate		1,170,000	1,187	1,221
Capital Power Corp. 4.99% 01-23-2026 Callable 2025	Canada	Corporate		400,000	400	430
Cards II Trust 2.16% 10-15-2020	Canada	Corporate		1,200,000	1,201	1,201
CBS Corp. 4.20% 06-01-2029 Callable 2029	United States	Corporate	USD	500,000	652	720
CCL Industries Inc. 3.86% 04-13-2028 Callable 2028	Canada	Corporate		330,000	330	353
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate		160,000	160	160
Charter Communications Operating LLC 4.50% 02-01-2024 Callable 2024	United States	Corporate	USD	340,000	450	483
Charter Communications Operating LLC 5.05% 03-30-2029 Callable 2028	United States	Corporate	USD	460,000	610	681
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate		100,000	100	104
Chartwell Retirement Residences 4.21% 04-28-2025 Callable 2025	Canada	Corporate		160,000	160	169
Choice Properties Real Estate Investment Trust 3.55% 01-10-2025 Callable 2024	Canada	Corporate		30,000	31	31

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

## SCHEDULE OF INVESTMENTS (continued)

as at September 30, 2019 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (continued)</b>						
Choice Properties Real Estate Investment Trust 4.06% 11-24-2025 Callable	Canada	Corporate		1,110,000	1,144	1,181
Choice Properties Real Estate Investment Trust 4.18% 03-08-2028 Callable 2027	Canada	Corporate		480,000	480	517
Choice Properties Real Estate Investment Trust 3.54% 06-11-2029 Callable 2029	Canada	Corporate		470,000	470	482
City of Toronto 2.60% 09-24-2039	Canada	Municipal Governments		660,000	655	659
Cordelio Amalco GP I 4.09% 06-30-2034	Canada	Corporate		278,984	279	298
Cordelio Amalco GP I 4.09% 09-30-2034	Canada	Corporate		278,170	278	296
CPPIB Capital Inc. 1.95% 09-30-2029	Canada	Corporate		1,030,000	1,026	1,023
CU Inc. 3.96% 07-27-2045 Callable	Canada	Corporate		20,000	22	24
CU Inc. 3.76% 11-19-2046 Callable 2046	Canada	Corporate		40,000	40	46
CU Inc. 3.95% 11-23-2048 Callable 2048	Canada	Corporate		430,000	430	511
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate		960,000	957	972
Eagle Credit Card Trust 3.04% 07-17-2023	Canada	Corporate		200,000	200	206
Eagle Credit Card Trust 2.22% 07-17-2024	Canada	Corporate		140,000	140	140
Emera Inc. 2.90% 06-16-2023	Canada	Corporate		460,000	446	468
Enbridge Gas Inc. 2.37% 08-09-2029 Callable 2029	Canada	Corporate		170,000	170	169
Enbridge Gas Inc. 3.51% 11-29-2047 Callable 2047	Canada	Corporate		1,100,000	1,102	1,214
Enbridge Gas Inc. 3.01% 08-09-2049 Callable 2049	Canada	Corporate		160,000	160	161
Enbridge Inc. 3.20% 06-08-2027 Callable 2027	Canada	Corporate		1,350,000	1,296	1,394
Enbridge Inc. 4.57% 03-11-2044	Canada	Corporate		1,430,000	1,434	1,581
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate		1,420,000	1,404	1,419
Enbridge Inc. F/R 04-12-2078 Callable 2028	Canada	Corporate		1,740,000	1,761	1,883
EnerCare Solutions Inc. 3.38% 02-21-2022 Callable 2022	Canada	Corporate		510,000	514	518
EnerCare Solutions Inc. 3.99% 02-21-2024 Callable 2023	Canada	Corporate		30,000	30	31
EPCOR Utilities Inc. 3.55% 11-27-2047 Callable 2047	Canada	Corporate		350,000	334	388
EPCOR Utilities Inc. 3.11% 07-08-2049 Callable 2049	Canada	Corporate		440,000	440	451
EPR Properties 4.95% 04-15-2028 Callable 2028	United States	Corporate	USD	280,000	351	404
EPR Properties 3.75% 08-15-2029 Callable 2029	United States	Corporate	USD	260,000	341	345
Fairfax Financial Holdings Ltd. 5.84% 10-14-2022	Canada	Corporate		890,000	981	974
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate		470,000	488	499
Fairfax Financial Holdings Ltd. 4.95% 03-03-2025	Canada	Corporate		210,000	229	229
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027 Callable 2027	Canada	Corporate		750,000	741	777
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029 Callable 2029	Canada	Corporate		60,000	60	61
Federation des Caisses Desjardins du Quebec 2.09% 01-17-2022	Canada	Corporate		927,000	915	926
Federation des Caisses Desjardins du Quebec 2.39% 08-25-2022	Canada	Corporate		150,000	150	151
Federation des Caisses Desjardins du Quebec 3.06% 09-11-2023	Canada	Corporate		1,150,000	1,149	1,189
Fortified Trust 1.67% 07-23-2021	Canada	Corporate		2,540,000	2,476	2,518
Fortified Trust 2.56% 03-23-2024	Canada	Corporate		440,000	440	446
FortisAlberta Inc. 3.67% 09-09-2047 Callable 2047	Canada	Corporate		10,000	10	11
FortisAlberta Inc. 3.74% 09-18-2048 Callable 2048	Canada	Corporate		80,000	80	92
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate		160,000	160	159
Genesis Trust II 1.70% 04-15-2020	Canada	Corporate		450,000	449	449
Gibson Energy Inc. 3.60% 09-17-2029 Callable 2029	Canada	Corporate		230,000	230	234
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate		1,430,000	1,402	1,427
Government of Canada 1.75% 05-01-2021	Canada	Federal Government		1,550,000	1,558	1,553
Government of Canada 1.50% 09-01-2024	Canada	Federal Government		9,340,000	9,336	9,385
Government of Canada 2.25% 06-01-2029	Canada	Federal Government		330,000	361	356
Government of Canada 1.25% 12-01-2047 Real Return	Canada	Federal Government		3,456,000	4,470	4,883
Government of Canada 2.75% 12-01-2048	Canada	Federal Government		11,750,000	13,861	15,110
Greater Toronto Airports Authority 2.73% 04-03-2029 Callable 2029	Canada	Corporate		260,000	266	271
Greater Toronto Airports Authority 2.75% 10-17-2039	Canada	Corporate		250,000	250	253
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate		1,050,000	1,036	1,058
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate		240,000	242	245
H&R Real Estate Investment Trust 3.37% 01-30-2024 Callable 2023	Canada	Corporate		1,150,000	1,138	1,169
Heathrow Funding Ltd. 3.25% 05-21-2025	United Kingdom	Corporate		1,610,000	1,634	1,669
Heathrow Funding Ltd. 3.40% 03-08-2028	United Kingdom	Corporate		440,000	439	459
Heathrow Funding Ltd. 3.79% 09-04-2030 Callable 2030	United Kingdom	Corporate		430,000	430	459
Hollis Receivables Term Trust II 1.79% 02-26-2020	Canada	Corporate		4,690,000	4,648	4,684
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate		320,000	315	319
HSBC Bank Canada 2.25% 09-15-2022	Canada	Corporate		230,000	230	230
HSBC Bank Canada 3.25% 09-15-2023	Canada	Corporate		470,000	470	486
HSBC Holdings PLC 3.20% 12-05-2023	United Kingdom	Corporate		150,000	150	153
Hydro One Inc. 2.54% 04-05-2024 Callable 2024	Canada	Corporate		350,000	350	356
Hydro One Inc. 3.72% 11-18-2047	Canada	Corporate		1,770,000	1,813	1,985
Hydro One Inc. 3.63% 06-25-2049 Callable 2048	Canada	Corporate		240,000	240	266
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate		200,000	202	201
Inter Pipeline Ltd. 3.17% 03-24-2025 Callable 2024 MTN	Canada	Corporate		570,000	563	580
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate		1,400,000	1,384	1,444
Ivanhoe Cambridge II Inc. 2.91% 06-27-2023 Callable 2023	Canada	Corporate		230,000	230	236
JPMorgan Chase & Co. 3.19% 03-05-2021	United States	Corporate		1,130,000	1,158	1,146
The Manufacturers Life Insurance Co. 2.39% 01-05-2026 Callable 2021	Canada	Corporate		1,310,000	1,305	1,311
Manulife Bank of Canada 1.92% 09-01-2021 DPNT	Canada	Corporate		240,000	239	239
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate		1,500,000	1,503	1,529
Manulife Financial Corp. F/R 05-09-2028 Callable 2023	Canada	Corporate		250,000	250	257
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate		770,000	762	788
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate		1,060,000	1,062	1,096
Morgan Stanley 3.00% 02-07-2024 Series MPLE	United States	Corporate		1,200,000	1,194	1,223

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

**SCHEDULE OF INVESTMENTS (continued)**

as at September 30, 2019 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (continued)</b>						
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate		4,110,000	4,006	4,092
National Bank of Canada 2.98% 03-04-2024	Canada	Corporate		890,000	909	912
National Bank of Canada 2.55% 07-12-2024	Canada	Corporate		450,000	450	452
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate		310,000	310	350
NAV Canada 3.21% 09-29-2050 Callable 2050	Canada	Corporate		30,000	30	34
North West Redwater Partnership 2.80% 06-01-2027 Callable 2027	Canada	Corporate		1,200,000	1,165	1,218
North West Redwater Partnership 3.65% 06-01-2035 Callable 2034	Canada	Corporate		150,000	151	160
Nouvelle Autoroute 30 Financement Inc. 4.11% 03-31-2042	Canada	Corporate		329,924	330	373
Nova Scotia Power Inc. 3.57% 04-05-2049 Callable 2048	Canada	Corporate		220,000	220	239
OMERS Finance Trust 2.60% 05-14-2029	Canada	Corporate		500,000	500	518
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate		1,600,000	1,605	1,703
OMERS Realty Corp. 3.63% 06-05-2030 Callable 2030	Canada	Corporate		570,000	570	631
Ontario Electricity Financial Corp. 0% 11-27-2020	Canada	Provincial Governments		40,000	37	39
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate		1,080,000	1,094	1,131
Ontario Power Generation Inc. 2.98% 09-13-2029	Canada	Corporate		260,000	260	264
Ontario Power Generation Inc. 3.84% 06-22-2048 Callable 2047	Canada	Corporate		310,000	310	332
Ontario Power Generation Inc. 4.25% 01-18-2049 Callable 2048	Canada	Corporate		185,000	186	213
OPB Finance Trust 2.98% 01-25-2027	Canada	Provincial Governments		1,050,000	1,057	1,106
PayPal Holdings Inc. 2.40% 10-01-2024 Callable 2024	United States	Corporate	USD	260,000	345	347
PayPal Holdings Inc. 2.65% 10-01-2026	United States	Corporate	USD	270,000	357	361
Pembina Pipeline Corp. 3.54% 02-03-2025 Callable MTN	Canada	Corporate		320,000	319	332
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate		400,000	400	429
Pembina Pipeline Corp. 3.62% 04-03-2029 Callable 2029	Canada	Corporate		270,000	271	280
Pembina Pipeline Corp. 3.31% 02-01-2030 Callable 2029	Canada	Corporate		160,000	160	161
Province of Newfoundland 3.00% 06-02-2026	Canada	Provincial Governments		1,340,000	1,343	1,414
Province of Newfoundland 3.70% 10-17-2048	Canada	Provincial Governments		1,080,000	1,167	1,297
Province of Ontario 2.65% 02-05-2025	Canada	Provincial Governments		830,000	841	864
Province of Ontario 2.90% 06-02-2028	Canada	Provincial Governments		11,090,000	11,100	11,849
Province of Ontario 2.70% 06-02-2029	Canada	Provincial Governments		12,610,000	12,960	13,309
Province of Ontario 2.90% 06-02-2049	Canada	Provincial Governments		12,140,000	11,586	13,554
Province of Ontario 2.65% 12-02-2050	Canada	Provincial Governments		5,960,000	6,203	6,367
Province of Quebec 2.75% 09-01-2028	Canada	Provincial Governments		13,700,000	13,551	14,532
Province of Quebec 2.30% 09-01-2029	Canada	Provincial Governments		340,000	351	348
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments		4,260,000	4,980	5,315
Province of Saskatchewan 3.30% 06-02-2048	Canada	Provincial Governments		940,000	984	1,106
Rogers Communications Inc. 3.25% 05-01-2029 Callable 2029	Canada	Corporate		500,000	502	516
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate		70,000	70	70
Royal Bank of Canada 2.95% 05-01-2023	Canada	Corporate		3,880,000	3,880	3,987
Royal Bank of Canada 3.30% 09-26-2023	Canada	Corporate		220,000	220	228
Royal Bank of Canada 2.35% 07-02-2024	Canada	Corporate		440,000	440	439
Royal Bank of Canada F/R 07-25-2029	Canada	Corporate		380,000	380	379
Sea to Sky Highway Investment LP 2.63% 08-31-2030	Canada	Corporate		138,373	133	138
Shaw Communications Inc. 4.40% 11-02-2028 Callable 2028	Canada	Corporate		1,060,000	1,105	1,166
Sprint Spectrum Co. LLC 4.74% 03-20-2025 144A	United States	Corporate	USD	200,000	259	282
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate		125,000	129	126
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate		60,000	60	61
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate		1,720,000	1,721	1,759
Sun Life Financial Inc. F/R 08-13-2029 Callable 2024	Canada	Corporate		850,000	850	845
Suncor Energy Inc. 3.10% 05-24-2029 Callable 2029	Canada	Corporate		360,000	360	369
Sydney Airport Finance Co. Pty. Ltd. 3.63% 04-28-2026 Callable 2026	Australia	Corporate	USD	140,000	183	194
Sydney Airport Finance Co. Pty. Ltd. 3.63% 04-28-2026 Callable 2026 144A	Australia	Corporate	USD	1,000,000	1,243	1,383
Sysco Canada Inc. 3.65% 04-25-2025 Callable 2025	United States	Corporate		450,000	450	472
TELUS Corp. 3.35% 04-01-2024 Callable MTN	Canada	Corporate		730,000	751	756
TELUS Corp. 2.75% 07-08-2026	Canada	Corporate		300,000	300	301
TELUS Corp. 3.30% 05-02-2029 Callable 2029	Canada	Corporate		210,000	208	216
TELUS Corp. 4.70% 03-06-2048 Callable 2047	Canada	Corporate		290,000	301	330
TMX Group Ltd. 4.46% 10-03-2023 Callable 2023	Canada	Corporate		40,000	45	43
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate		950,000	943	976
TMX Group Ltd. 3.78% 06-05-2028 Callable 2028	Canada	Corporate		450,000	455	486
The Toronto-Dominion Bank 3.01% 05-30-2023	Canada	Corporate		390,000	390	402
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate		3,050,000	2,950	3,025
The Toronto-Dominion Bank 2.85% 03-08-2024	Canada	Corporate		600,000	603	612
The Toronto-Dominion Bank 2.50% 12-02-2024	Canada	Corporate		700,000	700	704
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate		240,000	246	245
TransCanada PipeLines Ltd. 3.69% 07-19-2023	Canada	Corporate		100,000	102	105
TransCanada PipeLines Ltd. 3.39% 03-15-2028 Callable 2027	Canada	Corporate		390,000	381	410
TransCanada PipeLines Ltd. 3.00% 09-18-2029 Callable 2029	Canada	Corporate		370,000	369	375
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate		580,000	572	561
Transurban Finance Co. Pty. Ltd. 4.56% 11-14-2028 Callable 2028	Australia	Corporate		760,000	760	848
Union Gas Ltd. 3.59% 11-22-2047 Callable 2047	Canada	Corporate		125,000	125	140
United States Treasury 0.50% 04-15-2024 Inflation Indexed	United States	Foreign Governments	USD	3,170,000	4,328	4,322
United States Treasury 1.75% 06-30-2024	United States	Foreign Governments	USD	4,900,000	6,372	6,542

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

**SCHEDULE OF INVESTMENTS (continued)**

as at September 30, 2019 (unaudited)

	Country	Sector	Currency*	Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (continued)</b>						
United States Treasury 0.75% 07-15-2028 Inflation Indexed	United States	Foreign Governments	USD	3,070,000	4,339	4,361
United States Treasury 2.38% 05-15-2029	United States	Foreign Governments	USD	4,210,000	5,874	5,919
United States Treasury 1.00% 02-15-2049 Inflation Indexed	United States	Foreign Governments	USD	2,020,000	3,252	3,066
Vancouver Airport Authority 3.66% 11-23-2048 Callable 2048	Canada	Corporate		400,000	400	480
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate		90,000	90	90
Ventas Realty LP 4.00% 03-01-2028 Callable 2027	United States	Corporate	USD	260,000	332	369
Vodafone Group PLC 3.75% 01-16-2024	United Kingdom	Corporate	USD	170,000	216	237
Waste Management of Canada Corp. 2.60% 09-23-2026 Callable 2026	Canada	Corporate		520,000	519	524
Wells Fargo & Co. 3.19% 02-08-2024 Callable 2024	United States	Corporate		1,000,000	1,002	1,027
Wells Fargo & Co. 2.98% 05-19-2026 Series MPLE	United States	Corporate		1,400,000	1,355	1,424
Welltower Inc. 4.25% 04-15-2028 Callable 2028	United States	Corporate	USD	280,000	366	409
Welltower Inc. 4.13% 03-15-2029 Callable 2028	United States	Corporate	USD	290,000	383	419
					259,631	271,620
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS					(3)	-
TOTAL INVESTMENTS					259,628	271,620
<b>Net Assets:</b>						
Total investments						271,620
Cash and cash equivalents						10,351
Derivative assets (see schedules of derivative instruments)						343
Derivative liabilities (see schedules of derivative instruments)						(66)
Other net assets (liabilities)						1,989
						284,237

**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)

at March 31, 2019

	% of net assets		% of net assets
<b>BY ASSET TYPE</b>		<b>EFFECTIVE ASSET TYPE</b>	
Corporate Bonds	49.4	Corporate Bonds	46.9
Provincial Bonds	25.0	Provincial Bonds	23.8
Federal Bonds	7.9	Federal Bonds	16.0
Foreign Government Bonds	6.8	Foreign Government Bonds	(2.1)
Municipal Bonds	0.3	Cash and cash equivalents	13.8
Mortgage Backed	0.1	Other	1.6
Cash and cash equivalents	3.6	<b>Total</b>	<b>100.0</b>
Other	6.9		
<b>Total</b>	<b>100.0</b>	<b>EFFECTIVE REGIONAL ALLOCATION</b>	
<b>REGIONAL ALLOCATION</b>		Canada	79.3
Canada	79.3	United States	4.3
United States	14.4	United Kingdom	1.2
United Kingdom	1.2	Pacific ex Japan	0.8
Pacific ex Japan	0.9	Europe ex U.K.	0.6
Europe ex U.K.	0.6	Cash and cash equivalents	13.8
Cash and cash equivalents	3.6		<b>100.0</b>
<b>Total</b>	<b>100.0</b>		

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



**Schedule of Derivative Instruments**

as at September 30, 2019 (unaudited)

**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	10-04-2019	1,517 CAD	1,517	1,162 USD	1,539	-	(22)
AA	10-04-2019	2,109 CAD	2,109	1,600 USD	2,118	-	(9)
AA	10-04-2019	2,108 CAD	2,108	1,600 USD	2,118	-	(10)
AA	10-11-2019	3,789 CAD	3,789	2,850 USD	3,773	16	-
AA	10-11-2019	1,517 CAD	1,517	1,162 USD	1,539	-	(22)
AA	10-25-2019	10,062 CAD	10,062	7,560 USD	10,010	52	-
A	11-08-2019	3,861 CAD	3,861	2,900 USD	3,840	21	-
AA	11-15-2019	2,121 CAD	2,121	1,600 USD	2,119	2	-
AA	11-22-2019	1,540 CAD	1,540	1,162 USD	1,539	1	-
A	01-10-2020	745 CAD	745	562 USD	744	1	-
AA	10-04-2019	1,100 USD	1,459	1,459 CAD	1,456	-	(3)
AA	10-04-2019	700 USD	917	917 CAD	927	10	-
AA	10-11-2019	45 USD	59	59 CAD	59	-	-
						103	(66)

**Schedule of Futures Contracts**

Type of contract	No. of contracts	Expiration date	Average rate of contracts	Notional value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)
MSE Canadian 10 Year Bond Future	(87)	December 2019	143.81 CAD	(12,406)	106	-
CME Ultra Long Term U.S. Treasury Bond Future	(19)	December 2019	196.69 USD	(4,826)	120	-
				(17,232)	226	-

**Schedule of Options Purchased**

Underlying security	No. of options	No. of shares or Notional currency	Option type	Strike price	Expiration date	Premium paid (CAD\$ 000)	Fair value (CAD\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	378	37,800	Put	84.00 USD	11-15-2019	91	14

**TOTAL DERIVATIVE ASSETS**

343

**TOTAL DERIVATIVE LIABILITIES**

(66)

**Note:**

The following abbreviations have been used:

AUD – Australian dollars	JPY – Japanese yen
BRL – Brazilian real	KOR – South Korean won
CAD – Canadian dollars	MXN – Mexican peso
CHF – Swiss franc	NOK – Norwegian krona
DKK – Danish krone	NZD – New Zealand dollars
EUR – Euro	PLN – Polish zloty
GBP – United Kingdom pounds	SEK – Swedish krona
HKD – Hong Kong dollars	SGD – Singapore dollars
HUF – Hungarian forint	THB – Thailand baht
IDR – Indonesian rupiah	USD – United States dollars
INR – Indian rupee	ZAR – South African rand

**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 unit 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, 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.

**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 is as a unit 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.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

**6. MANAGEMENT FEES AND OPERATING EXPENSES**

No management fee or operating expenses, other than certain specific fund costs, are charged to the Fund

Such 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 Counsel Funds' last Simplified Prospectus).

**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).

**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.

**NOTES TO INTERIM UNAUDITED FINANCIAL STATEMENTS****8. FINANCIAL INSTRUMENTS RISK (continued)****(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") invest in Series 0 securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. 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, please refer to the amounts disclosed pertaining to Series 0 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 ETFs.

**9. FURTHER INFORMATION**

A copy of the Fund's current Annual Information Form, Management Report of Fund Performance, 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 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 (%)	Administration Fee (%)
Series O <sup>1,3</sup>	January 7, 2016	-	-	-
Series R <sup>2,3</sup>	January 7, 2016	-	-	-

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

<sup>3</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 steady flow of income by investing, either directly or indirectly through other investment funds, primarily in a diversified portfolio of Canadian government and corporate fixed-income securities. Preservation of capital is an important factor in the selection of investments. The Fund may invest up to 30% of its assets in foreign securities.

The Fund is not available to retail investors and is only available to other Counsel Funds.

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

Due to use of foreign exchange forward contracts, the Fund does not have significant exposure to currency risk.

**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
September 30, 2019	5,293	83,626	107,519	75,182	271,620
March 31, 2019	7,663	86,574	85,425	78,742	258,404

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 \$22,970 or 8.1% of total net assets (March 31, 2019 – \$21,943 or 7.7% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the 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 September 30, 2019 and March 31, 2019, the Fund did not have a significant exposure to other price risk.

**iv. Credit Risk**

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. As at September 30, 2019, the maximum exposure to any one debt issuer was 16.6% of the net assets (March 31, 2019 – 19.4%).

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

September 30, 2019	
AAA	16.5
AA	25.9
A	32.4
BBB	20.8
Total	95.6
March 31, 2019	
AAA	24.8
AA	16.5
A	30.9
BBB	18.8
Unrated	0.1
Total	91.1

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

**(d) Loss Carryforwards**

As at the last taxation year-end, \$1,256 of net capital losses and \$nil of non-capital losses were available to offset future taxable income.

**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)****(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	-	271,620	-	271,620
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Cash equivalents	-	9,819	-	9,819
Derivative assets	226	117	-	343
Derivative liabilities	-	(66)	-	(66)
<b>Total</b>	<b>226</b>	<b>281,490</b>	<b>-</b>	<b>281,716</b>

  

as at March 31, 2019	Level 1	Level 2	Level 3	Total
Fixed income	-	258,404	-	258,404
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Cash equivalents	-	22,650	-	22,650
Derivative assets	-	48	-	48
Derivative liabilities	(200)	(345)	-	(545)
<b>Total</b>	<b>(200)</b>	<b>280,757</b>	<b>-</b>	<b>280,557</b>

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.

**(f) Securities Lending**

as at	Value of securities loaned	Value of collateral received
September 30, 2019	39,794	42,047
March 31, 2019	38,687	40,692

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	22	15	100.0	100.0
Securities Lending Agent fees	(5)	(4)	(22.7)	(26.7)
Securities Lending Income to the Fund before Withholdings Taxes	17	11	77.3	73.3
Withholding Taxes	-	-	0.0	0.0
Securities Lending Income	17	11	77.3	73.3

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