

**COUNSEL | PORTFOLIO SERVICES**

# Counsel All Equity *portfolio*

ANNUAL FINANCIAL STATEMENTS

For the year ended March 31, 2021

These Financial Statements do not contain the Management Report of Fund Performance ("MRFP") of the investment fund.

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.ipcportfolios.ca](http://www.ipcportfolios.ca) or by visiting [www.sedar.com](http://www.sedar.com).

## COUNSEL | PORTFOLIO SERVICES

# Management's Responsibility for Financial Reporting

To the securityholders of:

Counsel All Equity Portfolio  
Counsel Balanced Portfolio  
Counsel Canadian Core Fixed Income  
Counsel Canadian Dividend  
Counsel Canadian Growth  
Counsel Canadian Value  
Counsel Conservative Portfolio  
Counsel Defensive Global Equity  
Counsel Fixed Income  
Counsel Global Dividend  
Counsel Global Fixed Income  
Counsel Global Low Volatility Equity  
Counsel Global Real Estate  
Counsel Global Small Cap

Counsel Global Trend Strategy  
Counsel Growth Portfolio  
Counsel High Income Portfolio  
Counsel High Yield Fixed Income  
Counsel Income Trend Strategy  
(formerly Counsel Retirement Income Portfolio)  
Counsel International Growth  
Counsel International Value  
Counsel Money Market  
Counsel Monthly Income Portfolio  
Counsel North American High Yield Bond  
Counsel Retirement Accumulation Portfolio  
Counsel Retirement Foundation Portfolio  
Counsel Retirement Preservation Portfolio  
Counsel Short Term Bond

Counsel U.S. Growth  
Counsel U.S. Value  
IPC Multi-Factor Canadian Equity  
IPC Multi-Factor International Equity  
IPC Multi-Factor U.S. Equity  
IPC Private Wealth Visio Balanced Growth Pool  
IPC Private Wealth Visio Balanced Pool  
IPC Private Wealth Visio Core Fixed Income  
IPC Private Wealth Visio Growth Pool  
IPC Private Wealth Visio Income Pool  
IPC Private Wealth Visio North American Equity

(collectively, the "Funds")

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

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

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

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



**Chris Reynolds**  
Director  
June 8, 2021



**Paulette Jervis**  
Chief Financial Officer  
June 8, 2021

## Independent Auditor's Report

To the Securityholders of:

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

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

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2021 and 2020, as applicable, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2021 and 2020, as applicable, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

## **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 8, 2021

**STATEMENTS OF FINANCIAL POSITION**

at March 31, 2021 with comparative figures at March 31, 2020  
(in \$ 000 except per security amounts)

	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Investments at fair value	57,711	47,229
Cash	164	498
Accrued interest receivable	–	–
Dividends receivable	–	–
Accounts receivable for investments sold	86	–
Accounts receivable for securities issued	–	–
Accounts receivable from the Manager	–	1
Other assets	–	–
	57,961	47,728
<b>Non-current assets:</b>		
Taxes recoverable	–	–
Other assets	–	–
	–	–
<b>Total assets</b>	57,961	47,728
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	–	–
Accounts payable for investments purchased	–	192
Accounts payable for securities redeemed	–	55
Distributions payable	–	–
Accrued expenses and miscellaneous payables	3	2
Dividends payable on investments sold short	–	–
Taxes payable	–	–
Other liabilities	–	–
	3	249
<b>Total liabilities</b>	3	249
<b>Net assets attributable to securityholders</b>	57,958	47,479

**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2021	2020
<b>Income:</b>		
Dividends	248	337
Interest and other income	618	1,148
Net realized gain (loss)	2,106	3,194
Net unrealized gain (loss)	15,777	(11,213)
Trust income	–	–
<b>Total income</b>	18,749	(6,534)
<b>Expenses:</b>		
Management fees	767	893
Management fee rebates	(6)	(1)
Administration fees	138	157
Independent Review Committee costs	1	1
Interest and other charges	–	–
<b>Expenses before amounts absorbed by Manager</b>	900	1,050
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	900	1,050
<b>Increase (decrease) in net assets attributable to securityholders</b>		
from operations before tax	17,849	(7,584)
Provision for (recovery of) income taxes	–	–
<b>Increase (decrease) in net assets attributable to securityholders</b>		
from operations	17,849	(7,584)

	Net assets attributable to securityholders			
	per security		per series	
	2021	2020	2021	2020
Series A	19.67	14.28	26,507	23,344
Series F	23.15	16.60	13,840	10,230
Series I	26.94	19.07	16,500	13,396
Series Private Wealth	10.64	7.53	1,111	509
			57,958	47,479

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2021	2020	2021	2020
Series A	5.49	(2.50)	8,286	(4,089)
Series F	6.58	(2.63)	4,117	(1,624)
Series I	7.98	(2.70)	5,205	(1,784)
Series Private Wealth	2.98	(1.06)	241	(87)
			17,849	(7,584)

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

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

	TOTAL		SERIES A		SERIES F		SERIES I	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Net assets attributable to securityholders, beginning of period</b>	47,479	64,761	23,344	33,814	10,230	13,838	13,396	16,997
Increase (decrease) in net assets attributable to securityholders resulting from:								
<b>Operations</b>	17,849	(7,584)	8,286	(4,089)	4,117	(1,624)	5,205	(1,784)
<b>Distributions:</b>								
Income	–	(403)	–	(140)	–	(82)	–	(175)
Capital gains	–	(1,535)	–	(287)	–	(417)	–	(804)
Return of capital	–	–	–	–	–	–	–	–
Management fee rebates	(6)	(1)	(3)	–	(3)	(1)	–	–
<b>Total distributions</b>	(6)	(1,939)	(3)	(427)	(3)	(500)	–	(979)
<b>Security transactions:</b>								
Proceeds from sale of securities	7,695	10,263	2,194	2,909	2,702	3,251	2,326	3,580
Proceeds from securities issued on merger	–	–	–	–	–	–	–	–
Reinvested from distributions	6	1,854	3	418	3	450	–	953
Payment on redemption of securities	(15,065)	(19,876)	(7,317)	(9,281)	(3,209)	(5,185)	(4,427)	(5,371)
<b>Total security transactions</b>	(7,364)	(7,759)	(5,120)	(5,954)	(504)	(1,484)	(2,101)	(838)
<b>Increase (decrease) in assets attributable to securityholders</b>	10,479	(17,282)	3,163	(10,470)	3,610	(3,608)	3,104	(3,601)
<b>Net assets attributable to securityholders, end of period</b>	57,958	47,479	26,507	23,344	13,840	10,230	16,500	13,396
<b>Increase (decrease) in securities</b> (in thousands):								
<b>Securities outstanding, beginning of period</b>			1,635	1,983	616	690	702	731
Add (deduct):								
Securities sold			128	173	140	167	101	169
Securities issued on merger			–	–	–	–	–	–
Reinvested from distributions			–	24	–	22	–	40
Securities redeemed			(415)	(545)	(158)	(263)	(191)	(238)
<b>Securities outstanding, end of period</b>			1,348	1,635	598	616	612	702

	SERIES PRIVATE WEALTH	
	2021	2020
<b>Net assets attributable to securityholders, beginning of period</b>	509	112
Increase (decrease) in net assets attributable to securityholders resulting from:		
<b>Operations</b>	241	(87)
<b>Distributions:</b>		
Income	–	(6)
Capital gains	–	(27)
Return of capital	–	–
Management fee rebates	–	–
<b>Total distributions</b>	–	(33)
<b>Security transactions:</b>		
Proceeds from sale of securities	473	523
Proceeds from securities issued on merger	–	–
Reinvested from distributions	–	33
Payment on redemption of securities	(112)	(39)
<b>Total security transactions</b>	361	517
<b>Increase (decrease) in assets attributable to securityholders</b>	602	397
<b>Net assets attributable to securityholders, end of period</b>	1,111	509
<b>Increase (decrease) in securities</b> (in thousands):		
<b>Securities outstanding, beginning of period</b>	68	12
Add (deduct):		
Securities sold	48	56
Securities issued on merger	–	–
Reinvested from distributions	–	4
Securities redeemed	(12)	(4)
<b>Securities outstanding, end of period</b>	104	68

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

**STATEMENTS OF CASH FLOWS**

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

	2021	2020
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to securityholders from operations	17,849	(7,584)
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	(2,052)	(2,720)
Change in net unrealized loss (gain) on investments	(15,777)	11,213
Distributions received from Underlying Funds	(919)	(1,956)
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	26,258	32,452
Purchases of investments	(18,270)	(21,387)
(Increase) decrease in accounts receivable and other assets	1	(1)
Increase (decrease) in accounts payable and other liabilities	1	(4)
<b>Net cash provided by (used in) operating activities</b>	<b>7,091</b>	<b>10,013</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	7,695	10,266
Proceeds from securities issued on merger	–	–
Payments on redemption of securities	(15,120)	(19,911)
Distributions paid net of reinvestments	–	(85)
<b>Net cash provided by (used in) financing activities</b>	<b>(7,425)</b>	<b>(9,730)</b>
<b>Increase (decrease) in cash</b>	<b>(334)</b>	<b>283</b>
Cash (Bank indebtedness) at beginning of period	498	215
Effect of exchange rate fluctuations on cash	–	–
<b>Cash (Bank indebtedness), end of period</b>	<b>164</b>	<b>498</b>
Cash	164	498
Cash equivalents	–	–
Bank indebtedness	–	–
	164	498
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Income taxes paid (recovered)	–	–
Interest received	1	4
Interest paid	–	–



**SCHEDULE OF INVESTMENTS**

as at March 31, 2021

	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
<b>MUTUAL FUNDS</b>							
Counsel Canadian Growth Series O	157,068	2,259	2,947	✓		✓	
Counsel Canadian Value Series O	201,584	3,004	3,446			✓	
Counsel Global Real Estate Series O	460,401	5,705	5,979	✓		✓	✓
Counsel Global Small Cap Series O	424,742	6,291	10,511	✓		✓	
Counsel International Growth Series O	137,852	2,993	3,813	✓		✓	
Counsel International Value Series O	321,045	4,182	4,546	✓		✓	
Counsel U.S. Growth Series O	109,976	3,117	4,743	✓		✓	
Counsel U.S. Value Series O	423,561	5,766	6,170	✓		✓	
IPC Multi-Factor Canadian Equity Series O	371,142	3,587	3,754			✓	
IPC Multi-Factor International Equity Series O	513,412	5,086	5,341	✓		✓	
IPC Multi-Factor U.S. Equity Series O	578,748	5,926	6,461	✓		✓	
<b>TOTAL INVESTMENTS</b>		<u>47,916</u>	<u>57,711</u>				
<b>Net Assets</b>							
Total investments			57,711				
Cash			164				
Other net assets (liabilities)			83				
			<u>57,958</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 Underlying Funds.

at March 31, 2021

at March 31, 2020

% of net assets		% of net assets	
<b>UNDERLYING FUND TYPE</b>		<b>UNDERLYING FUND TYPE</b>	
International Equity Funds	41.7	U.S. Equity Funds	41.0
U.S. Equity Funds	30.1	International Equity Funds	38.5
Canadian Equity Funds	17.5	Canadian Equity Funds	14.0
Global Real Estate	10.3	Global Real Estate	6.0
Cash	0.3	Cash	1.0
Other	0.1	Other	(0.5)
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>
<b>EFFECTIVE SECTOR ALLOCATION</b>		<b>EFFECTIVE SECTOR ALLOCATION</b>	
Financials	15.9	Information Technology	15.4
Information Technology	14.5	Government Bonds	14.9
Industrials	12.2	Financials	11.1
Consumer Discretionary	11.9	Industrials	10.5
Real Estate	11.6	Real Estate	9.8
Health Care	8.5	Consumer Discretionary	7.9
Consumer Staples	7.4	Consumer Staples	7.4
Materials	5.9	Health Care	5.8
Communication Services	4.5	Materials	4.7
Energy	3.0	Utilities	4.3
Utilities	2.0	Communication Services	4.0
Corporate Bonds	0.5	Energy	3.0
Cash	0.3	Corporate Bonds	0.3
Other	1.8	Cash	1.0
	<b>100.0</b>	Other	(0.1)
			<b>100.0</b>
<b>EFFECTIVE REGIONAL ALLOCATION</b>		<b>EFFECTIVE REGIONAL ALLOCATION</b>	
United States	41.2	United States	47.6
Canada	22.4	Canada	17.8
Europe ex U.K.	13.6	Europe ex U.K.	12.3
Pacific ex Japan	8.1	Japan	8.0
Japan	7.6	Pacific ex Japan	6.4
United Kingdom	4.6	United Kingdom	6.1
Latin America	1.1	Latin America	0.4
Middle East and Africa	1.1	Middle East and Africa	0.4
Cash	0.3	Cash	1.0
	<b>100.0</b>		<b>100.0</b>

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

The information provided in these financial statements and notes thereto is for the year ended or as at March 31, 2021 and 2020 (as applicable). In the year a series is established, 'period' represents the period from inception to the period end of that fiscal period. Refer to Note 9 (a) for series inception dates.

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

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

**2. BASIS OF PREPARATION AND PRESENTATION**

These annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional currency, and 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 June 8, 2021.

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

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

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

Realized and unrealized gains and losses on investments are calculated based on average cost of investments.

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

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

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Fund, arising from financing activities. Changes in securities of the Fund, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either Accounts receivable for securities issued or Accounts payable for securities redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after period-end.

**(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.

Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. The cost of investments is determined on a weighted average cost basis.

The Fund categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

**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 including quoted prices on inactive markets and from recognized investment dealers; and

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

As at March 31, 2021 and March 31, 2020, all investments (consisting of mutual fund units) were classified as Level 1. There were no significant transfers between Level 1 and Level 2 during the periods.

**(c) Income recognition**

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

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

**(d) 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.

**(e) Net asset value per security**

Net asset value per security is determined for the purchase and redemption of securities in accordance with the methods disclosed in the Fund's Simplified Prospectus and Annual Information Form. These methods may vary from valuation principles under IFRS. As at March 31, 2021 and March 31, 2020, there were no such differences.

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

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statements of Comprehensive Income represents the sums of the increase (decrease) in net assets attributable to securityholders from operations for each month, divided by the weighted average number of securities outstanding during each month.

**(g) Future Accounting Changes**

Counsel has determined there are no material implications to the Fund's financial statements arising from IFRS issued but not yet effective.

**NOTES TO ANNUAL FINANCIAL STATEMENTS****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

Governments worldwide have enacted various measures in seeking to combat the spread of the COVID-19 virus. These measures have led to significant volatility in equity markets and material disruption to businesses globally, resulting in an economic slowdown.

Ongoing uncertainty regarding the duration and long-term impact of the pandemic and the implementation of vaccination programs, as well as the efficacy of government and central bank monetary and fiscal interventions, may continue to affect the Fund's performance in future periods.

Use of Judgments

*Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has considered the Fund's business model, commitments to securityholders, and the manner in which investments are managed and evaluated as a group and has determined that irrevocable designation of financial instruments as financial assets or financial liabilities at fair value through profit or loss provides the most appropriate measurement and presentation of the Fund's investments and financial instruments.

*Functional Currency*

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

*Structured entities and associates*

In determining whether an unlisted open-ended investment fund in which the Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Counsel is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Counsel has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the Fund does not have contracts or financing arrangements with these underlying funds and the Fund does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

**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 9 (d) for a summary of the Fund's loss carryforwards.

**6. MANAGEMENT FEES AND OPERATING EXPENSES**

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

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

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Counsel Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed Counsel Funds' simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed Counsel Funds' simplified prospectus.

Counsel may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 (a) for the management fee and Administration Fee rates charged to each series of securities.

**7. FUND'S CAPITAL**

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2021 and March 31, 2020 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 8 (a).

**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 9 (b), and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, Counsel 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.

The Fund employs a passive investment strategy whereby investments in securities of underlying investment funds are based on target asset weightings. Left unchecked, market fluctuations can cause the investments to diverge from these target weightings. Counsel monitors these divergences and, if they become significant, the Fund's investments are rebalanced back towards target weightings. The target weightings allocated to each underlying investment fund and their selection are based on several factors, including impact to the Fund's volatility and asset class diversification and may be subject to change based on Counsel's assessment of current market conditions.

**(b) Liquidity risk**

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against pre-determined minimum liquidity percentages, established for different time periods. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e. investments that can be readily sold).

**NOTES TO ANNUAL FINANCIAL STATEMENTS****8. FINANCIAL INSTRUMENTS RISK (continued)****(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.

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

**(d) Currency risk**

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

The underlying Counsel equity funds generally follow a dynamic hedging strategy where they may target a hedge against the U.S. dollar, based on Counsel's expectation of future exchange rates at that time. As at March 31, 2021, these Funds were targeting a hedge of 37.5% (March 31, 2020 – 0.0%) against the U.S. Dollar. In February 2020, Counsel introduced a dynamic hedge against the Euro; as at March 31, 2021, these funds were targeting a 50% (March 31, 2020 – 25%) hedge against the Euro. In July 2020, a hedge was introduced against the British pound; as at March 31, 2021, these funds were targeting a 25% hedge against the British pound.

Note 9 (c) indicates the Fund's sensitivity to currency risk including potential indirect impacts from underlying investment funds in which the Fund invests. In practice, the actual trading results may differ and the difference could be material. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

**(e) Interest rate risk**

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

Note 9 (c) summarizes the Fund's exposure to interest rate risk had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. In practice, the actual trading results may differ and the difference could be material. The Fund's sensitivity to interest rate risk illustrated includes potential indirect impacts from underlying investment funds.

**(f) Other price risk**

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

Other price risk typically arises from exposure to equity securities. Note 9 (c) illustrates the potential increase or decrease in the Fund's net assets, through underlying investment funds, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

**NOTES TO ANNUAL FINANCIAL STATEMENTS**

All figures stated in \$000s of Canadian dollars, except for Note 9(a), unless otherwise noted

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

	Date of Inception	Minimum Investment (\$)	Management Fee <sup>1</sup> (%)	Administration Fee <sup>1</sup> (%)
Series A <sup>1</sup>	January 15, 2002	1,000	2.10	0.31
Series F <sup>2</sup>	February 13, 2006	1,000	1.15	0.15
Series <sup>1,2,3,4</sup>	March 1, 2006	1,000	–	0.15
Series Private Wealth <sup>5</sup>	May 1, 2018	1,000	–	0.15

<sup>1</sup> Series A is the only series subject to sales or redemption charges; these charges are based on purchase options chosen. Securities purchased under the sales charge option may be subject to a negotiated fee of up to 5% at time of initial purchase. Securities previously purchased under the redemption charge or low-load options may be subject to a redemption fee of up to 5.5% or 2.5% respectively (based on date of initial purchase); new securities are not available under these options but may be acquired through switching from other Counsel funds.

<sup>2</sup> A negotiable advisory or asset-based fee (plus sales taxes) is payable by investors to their dealer(s) in connection with the securities held in this series. The fee may be collected by Counsel from the investor's account through redemption of securities and remitted to the dealer at the investor's request. Alternatively, the dealer may collect it directly from the investor.

<sup>3</sup> The management fee for this series is 1.15% and is payable directly to Counsel generally through the monthly redemption of securities.

<sup>4</sup> Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors. Individual investors may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

<sup>5</sup> There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in a discretionary managed program offered by IPC Securities Corporation and agree to pay certain asset-based fees.

**(b) Investment Objectives and Strategies**

The Fund invests in securities of a variety of Canadian, U.S. and international equity mutual funds (the "Underlying Funds"). The Fund seeks to achieve long-term capital appreciation by employing a passive investment strategy whereby investments in securities of Underlying Funds are based on target asset weightings. The target weightings allocated to each Underlying Fund and the selection of Underlying Funds are based on several factors, including impact to the Fund's volatility and asset class diversification.

**(c) Risks Associated with Financial Instruments**

## i. Currency Risk

		Impact on net assets			
		Strengthened by 5%		Weakened by 5%	
		(\$)	(%)	(\$)	(%)
March 31, 2021	Currency rate sensitivity arising from Underlying Funds	(1,610)	(2.8)	1,610	2.8
March 31, 2020	Currency rate sensitivity arising from Underlying Funds	(1,881)	(4.0)	1,881	4.0

## ii. Interest Rate Risk

		Impact on net assets			
		Increase by 1%		Decrease by 1%	
		(\$)	(%)	(\$)	(%)
March 31, 2021	Interest sensitivity arising from other financial instruments	–	–	–	–
March 31, 2020	Interest sensitivity arising from other financial instruments	(135)	(0.3)	135	0.3

## iii. Other Price Risk

Impact on net assets	Increase by 10%		Decrease by 10%	
	(\$)	(%)	(\$)	(%)
March 31, 2021	5,648	9.7	(5,648)	(9.7)
March 31, 2020	3,969	8.4	(3,969)	(8.4)

## iv. Credit Risk

The Fund's greatest indirect concentration of credit risk is in exchange traded funds held by underlying funds. For more information regarding the credit risk of underlying funds, refer to the Underlying Funds' financial statements available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or at [www.counselservices.com](http://www.counselservices.com).

**(d) Loss Carryforwards**

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

**(e) Non-cash transactions with other Counsel Funds**

In February 2020, the Fund redeemed securities of Counsel International Value in exchange for \$2,305 of investments. The value of the securities was determined based on end of day market prices used in that fund's valuation. These investments were in turn provided to IPC Multi-Factor International Equity in exchange for securities of that fund for the same value.



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