

**COUNSEL | PORTFOLIO SERVICES**

# Counsel Global Dividend

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	91,309	88,100
Cash and cash equivalents	102	–
Accrued interest receivable	–	–
Dividends receivable	299	384
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	837	9
Accounts receivable from the Manager	–	1
Margin on derivative contracts	–	–
Derivative assets	128	22
Other assets	–	–
	92,675	88,516
<b>Non-current assets:</b>		
Taxes recoverable	43	78
Other assets	–	–
	43	78
<b>Total assets</b>	92,718	88,594
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank indebtedness	–	11
Accounts payable for investments purchased	–	–
Accounts payable for securities redeemed	234	221
Distributions payable	–	–
Accrued expenses and miscellaneous payables	2	2
Dividends payable on investments sold short	–	–
Derivative liabilities	88	1,785
Taxes payable	–	–
Other liabilities	2	–
<b>Total liabilities</b>	326	2,019
<b>Net assets attributable to securityholders</b>	92,392	86,575

**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2021	2020
<b>Income:</b>		
Dividends	3,530	4,324
Interest and other income	1	8
Net realized gain (loss)	1,036	602
Net unrealized gain (loss)	24,581	(18,489)
Income (loss) from derivatives	–	–
Income (loss) from short selling	–	–
Securities lending income	–	–
Trust income	–	2
<b>Total income</b>	29,148	(13,553)
<b>Expenses:</b>		
Management fees	508	596
Management fee rebates	(2)	(1)
Administration fees	117	142
Commissions and other portfolio transaction costs	94	95
Independent Review Committee costs	1	1
Interest and other charges	1	4
<b>Expenses before amounts absorbed by Manager</b>	719	837
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	719	837
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	28,429	(14,390)
Foreign withholding tax expense (recovery)	479	433
Foreign income tax expense (recovery)	–	–
Income tax expense (recovery)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	27,950	(14,823)

	Net assets attributable to securityholders			
	per security		per series	
	2021	2020	2021	2020
Series A	14.03	10.38	20,322	16,748
Series F	14.31	10.57	5,908	6,651
Series I	14.45	10.67	4,058	7,904
Series O	14.54	10.73	36,961	37,798
Series Private Wealth	14.43	10.65	25,143	17,474
			92,392	86,575

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2021	2020	2021	2020
Series A	3.75	(2.01)	5,766	(3,253)
Series F	4.03	(1.89)	2,005	(1,167)
Series I	4.14	(1.75)	2,266	(1,311)
Series O	4.30	(1.74)	11,524	(6,255)
Series Private Wealth	4.12	(1.75)	6,389	(2,837)
			27,950	(14,823)

**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>	86,575	112,521	16,748	21,990	6,651	11,414	7,904	10,788
Increase (decrease) in net assets attributable to securityholders resulting from:								
<b>Operations</b>	27,950	(14,823)	5,766	(3,253)	2,005	(1,167)	2,266	(1,311)
<b>Distributions:</b>								
Income	(2,181)	(3,387)	(149)	(321)	(127)	(247)	(229)	(358)
Capital gains	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–
Management fee rebates	(2)	(1)	(1)	–	(1)	(1)	–	–
<b>Total distributions</b>	(2,183)	(3,388)	(150)	(321)	(128)	(248)	(229)	(358)
<b>Security transactions:</b>								
Proceeds from sale of securities	20,274	14,728	2,146	2,775	937	1,277	211	947
Proceeds from securities issued on merger	–	–	–	–	–	–	–	–
Reinvested from distributions	2,117	3,276	141	292	78	174	223	350
Payment on redemption of securities	(42,341)	(25,739)	(4,329)	(4,735)	(3,635)	(4,799)	(6,317)	(2,512)
<b>Total security transactions</b>	(19,950)	(7,735)	(2,042)	(1,668)	(2,620)	(3,348)	(5,883)	(1,215)
<b>Increase (decrease) in assets attributable to securityholders</b>	5,817	(25,946)	3,574	(5,242)	(743)	(4,763)	(3,846)	(2,884)
<b>Net assets attributable to securityholders, end of period</b>	92,392	86,575	20,322	16,748	5,908	6,651	4,058	7,904
<b>Increase (decrease) in securities</b> (in thousands):								
<b>Securities outstanding, beginning of period</b>			1,614	1,750	629	895	741	839
Add (deduct):								
Securities sold			171	223	72	102	17	75
Securities issued on merger			–	–	–	–	–	–
Reinvested from distributions			12	23	7	14	19	28
Securities redeemed			(349)	(382)	(295)	(382)	(496)	(201)
<b>Securities outstanding, end of period</b>			1,448	1,614	413	629	281	741

	SERIES O		SERIES PRIVATE WEALTH	
	2021	2020	2021	2020
<b>Net assets attributable to securityholders, beginning of period</b>	37,798	44,099	17,474	24,230
Increase (decrease) in net assets attributable to securityholders resulting from:				
<b>Operations</b>	11,524	(6,255)	6,389	(2,837)
<b>Distributions:</b>				
Income	(1,085)	(1,626)	(591)	(835)
Capital gains	–	–	–	–
Return of capital	–	–	–	–
Management fee rebates	–	–	–	–
<b>Total distributions</b>	(1,085)	(1,626)	(591)	(835)
<b>Security transactions:</b>				
Proceeds from sale of securities	7,684	7,638	9,296	2,091
Proceeds from securities issued on merger	–	–	–	–
Reinvested from distributions	1,085	1,626	590	834
Payment on redemption of securities	(20,045)	(7,684)	(8,015)	(6,009)
<b>Total security transactions</b>	(11,276)	1,580	1,871	(3,084)
<b>Increase (decrease) in assets attributable to securityholders</b>	(837)	(6,301)	7,669	(6,756)
<b>Net assets attributable to securityholders, end of period</b>	36,961	37,798	25,143	17,474
<b>Increase (decrease) in securities</b> (in thousands):				
<b>Securities outstanding, beginning of period</b>	3,521	3,407	1,640	1,886
Add (deduct):				
Securities sold	569	616	678	166
Securities issued on merger	–	–	–	–
Reinvested from distributions	89	130	49	67
Securities redeemed	(1,638)	(632)	(625)	(479)
<b>Securities outstanding, end of period</b>	2,541	3,521	1,742	1,640

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	27,950	(14,823)
<b>Less non-cash impact of:</b>		
Net realized loss (gain) on investments	(1,036)	(602)
Change in net unrealized loss (gain) on investments	(24,581)	18,489
Distributions received from Underlying Funds	–	–
<b>Adjustments for:</b>		
Proceeds from sale and maturity of investments	111,836	129,188
Purchases of investments	(91,231)	(121,847)
(Increase) decrease in accounts receivable and other assets	121	227
Increase (decrease) in accounts payable and other liabilities	2	(2)
<b>Net cash provided by (used in) operating activities</b>	<b>23,061</b>	<b>10,630</b>
<b>Cash flows from financing activities:</b>		
Proceeds from securities issued	19,446	14,730
Proceeds from securities issued on merger	–	–
Payments on redemption of securities	(42,328)	(25,716)
Distributions paid net of reinvestments	(66)	(112)
<b>Net cash provided by (used in) financing activities</b>	<b>(22,948)</b>	<b>(11,098)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>113</b>	<b>(468)</b>
Cash and cash equivalents at beginning of period	(11)	455
Effect of exchange rate fluctuations on cash and cash equivalents	–	2
<b>Cash and cash equivalents, end of period</b>	<b>102</b>	<b>(11)</b>
Cash	102	–
Cash equivalents	–	–
Bank indebtedness	–	(11)
	102	(11)
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received net of withholding taxes	3,171	4,119
Interest received net of withholding taxes	1	8
Interest paid	1	4
Income taxes paid (recovered)	–	–



## SCHEDULE OF INVESTMENTS

as at March 31, 2021

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES</b>					
A.P. Moller - Maersk AS Class B	Denmark	Industrials	464	1,308	1,356
Adecco Group SA	Switzerland	Industrials	6,678	497	565
Ageas	Belgium	Financials	10,520	481	798
Agricultural Bank of China Ltd. H	China	Financials	1,495,000	838	752
Alimentation Couche-Tard Inc. Class B Sub. voting	Canada	Consumer Staples	29,200	1,140	1,183
Anadolu Efes Biracilik ve Malt Sanayii AS	Turkey	Consumer Staples	29,304	108	94
Anthem Inc.	United States	Health Care	3,148	1,009	1,420
Arisawa Manufacturing Co. Ltd.	Japan	Information Technology	1,500	18	17
Arjo AB - B Shares	Sweden	Health Care	17,246	163	161
Asian Pay Television Trust	Singapore	Communication Services	1,696,900	298	168
ASML Holding NV	Netherlands	Information Technology	1,039	724	796
Atlantica Yield PLC	United States	Utilities	11,038	296	508
Autobacs Seven Co. Ltd.	Japan	Consumer Discretionary	6,900	113	118
Axfood AB	Netherlands	Consumer Staples	9,338	272	280
Banca Generali SpA	Italy	Financials	2,287	100	101
Bank of China Ltd. H	China	Financials	2,806,000	1,525	1,342
Bayerische Motoren Werke (BMW) AG	Germany	Consumer Discretionary	558	61	73
BML Inc.	Japan	Health Care	4,600	194	200
Cascades Inc.	Canada	Materials	13,300	201	209
Cathay Financial Holding Co. Ltd.	Taiwan	Financials	255,000	453	543
Chemed Corp.	United States	Health Care	879	548	508
Chicony Electronics Co. Ltd.	Taiwan	Information Technology	18,000	76	81
China Construction Bank Corp. H	China	Financials	1,268,000	1,358	1,340
The Clorox Co.	United States	Consumer Staples	2,446	727	593
Colgate Palmolive Co.	United States	Consumer Staples	6,853	670	679
Colruyt SA	Belgium	Consumer Staples	693	49	52
Compal Electronics Inc.	Taiwan	Information Technology	494,000	449	584
Compania de Distribucion Integral Logista SA	Spain	Industrials	5,295	183	132
Concentradora Fibras Danhos SA de CV	Mexico	Real Estate	15,677	31	25
Core-Mark Holding Co. Inc.	United States	Consumer Discretionary	6,897	287	335
Costco Wholesale Corp.	United States	Consumer Staples	3,052	1,383	1,352
CVS Health Corp.	United States	Health Care	14,998	1,185	1,418
Donegal Group Inc.	United States	Financials	1,339	24	25
Electrolux AB B	Sweden	Consumer Discretionary	31,485	983	1,096
Eli Lilly and Co.	United States	Health Care	5,963	1,321	1,400
Employers Holdings Inc.	United States	Financials	6,122	252	331
Ferronordic AB	Sweden	Industrials	2,311	60	68
Fisher & Paykel Healthcare Corp. Ltd.	New Zealand	Health Care	50,118	1,215	1,414
Flagstar Bancorp Inc.	United States	Financials	18,987	961	1,076
Ford Otomotiv Sanayi AS	Turkey	Consumer Discretionary	30,126	444	883
ForFarmers BV	Netherlands	Consumer Staples	3,954	33	34
Fortescue Metals Group Ltd.	Australia	Materials	60,910	410	1,169
Fubon Financial Holding Co. Ltd.	Taiwan	Financials	298,000	605	749
Getinge AB	Sweden	Health Care	14,332	354	500
Giordano International Ltd.	Hong Kong	Consumer Discretionary	114,000	28	29
Graham Holdings Co.	United States	Consumer Discretionary	324	153	229
Grupo Mexico SAB de CV Series B	Mexico	Materials	197,453	1,142	1,305
Hana Financial Group Inc.	South Korea	Financials	20,870	879	993
Harvey Norman Holdings Ltd.	Australia	Consumer Discretionary	101,550	452	556
Hewlett Packard Enterprise Co.	United States	Information Technology	93,138	1,169	1,842
The Home Depot Inc.	United States	Consumer Discretionary	3,351	1,227	1,285
Hon Hai Precision Industry Co. Ltd.	Taiwan	Information Technology	291,000	1,160	1,608
HP Inc.	United States	Information Technology	46,057	1,163	1,837
Humana Inc.	United States	Health Care	2,842	1,119	1,497
IA Financial Corporate Inc.	Canada	Financials	700	36	48
ICA Gruppen AB	Sweden	Consumer Staples	1,528	93	94
Industrial and Commercial Bank of China Ltd. H	China	Financials	1,789,000	1,552	1,616
Intel Corp.	United States	Information Technology	19,464	1,507	1,565
International Paper Co.	United States	Materials	7,247	443	492
Intertape Polymer Group Inc.	Canada	Materials	3,723	88	104
Investor AB	Sweden	Financials	8,593	815	861
Japan Post Holdings Co. Ltd.	Japan	Financials	85,800	932	964
JBH Hi-Fi Ltd.	Australia	Consumer Discretionary	6,047	288	300
Johnson & Johnson	United States	Health Care	5,986	1,179	1,236
Johnson Outdoors Inc. Class A	United States	Consumer Discretionary	7,510	685	1,347
Kaiser Aluminum Corp.	United States	Materials	1,580	150	219
Kemira OYJ	Finland	Materials	4,857	85	94
Kforce Inc.	United States	Industrials	8,367	392	564
Kissei Pharmaceutical Co. Ltd.	Japan	Health Care	7,000	188	194
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples	40,804	1,351	1,428
Kulicke & Soffa Industries Inc.	United States	Information Technology	16,307	858	1,006
KYORIN Holdings Inc.	Japan	Health Care	600	17	13

**SCHEDULE OF INVESTMENTS (continued)**

as at March 31, 2021

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (continued)</b>					
Labrador Iron Ore Royalty Corp.	Canada	Materials	3,100	108	115
LG Electronics Inc.	South Korea	Consumer Discretionary	5,158	859	867
Lite-On Technology Corp.	Taiwan	Information Technology	140,000	328	390
Logitech International SA Reg.	Switzerland	Information Technology	9,176	1,240	1,208
Lowe's Companies Inc.	United States	Consumer Discretionary	4,313	880	1,031
M.D.C. Holdings Inc.	United States	Consumer Discretionary	1,173	61	88
Manpower Inc.	United States	Industrials	1,799	170	224
Medipal Holdings Corp.	Japan	Health Care	4,300	111	104
Merck & Co. Inc.	United States	Health Care	11,520	1,210	1,116
Microsoft Corp.	United States	Information Technology	1,811	55	537
MSC Industrial Direct Co. Inc. Class A	United States	Industrials	7,385	685	837
Murphy USA Inc.	United States	Consumer Discretionary	455	73	83
NetApp Inc.	United States	Information Technology	2,331	140	213
Newmarket Corp.	United States	Materials	321	176	153
Nintendo Co. Ltd.	Japan	Communication Services	1,900	1,089	1,336
Nippon Telegraph & Telephone Corp.	Japan	Communication Services	18,200	567	589
NN Group NV	Netherlands	Financials	23,288	1,181	1,429
Novartis AG Reg.	Switzerland	Health Care	13,136	1,536	1,410
Novo Nordisk AS B	Denmark	Health Care	14,242	1,307	1,208
Nu Skin Enterprises Inc. Class A	United States	Consumer Staples	2,018	150	134
Omnicom Group Inc.	United States	Communication Services	17,575	1,188	1,637
Oracle Corp.	United States	Information Technology	2,908	210	256
Orion OYJ	Finland	Health Care	1,424	64	72
Pegatron Corp.	Taiwan	Information Technology	183,000	543	600
Phibro Animal Health Corp.	United States	Health Care	5,662	156	174
PPG Industries Inc.	United States	Materials	270	49	51
The Procter & Gamble Co.	United States	Consumer Staples	8,609	843	1,465
Progress Software Corp.	United States	Information Technology	8,548	437	473
Prosperity Real Estate Investment Trust	Hong Kong	Real Estate	105,000	45	44
Quanta Computer Inc.	Taiwan	Information Technology	387,000	1,075	1,677
Recordati SPA	Italy	Health Care	1,926	117	130
Rent-A-Center Inc.	United States	Consumer Discretionary	8,956	375	649
Richelieu Hardware Ltd.	Canada	Industrials	3,027	117	125
Rio Tinto Ltd.	Australia	Materials	13,372	1,229	1,421
Rio Tinto PLC	United Kingdom	Materials	380	38	37
Rio Tinto PLC ADR	United Kingdom	Materials	2,817	210	275
Riso Kyoiku Co. Ltd.	Japan	Consumer Discretionary	67,600	264	260
Roche Holding AG Genussscheine	Switzerland	Health Care	3,352	1,009	1,361
ROHM Co. Ltd.	Japan	Information Technology	4,100	540	510
RPM International Inc.	United States	Materials	3,360	366	388
Rush Enterprises Inc. Class A	United States	Industrials	3,224	177	202
Samsung Electronics Co. Ltd.	South Korea	Information Technology	13,314	1,242	1,213
Sanofi	France	Health Care	9,500	1,308	1,180
Schow & Co.	Denmark	Consumer Staples	170	22	22
Sculptor Capital Management Inc.	United States	Financials	4,283	111	118
SG Fleet Group Ltd.	Australia	Industrials	17,131	20	42
ShinMaywa Industries Ltd.	Japan	Industrials	7,300	84	85
Siam Cement PCL-NVDR	Thailand	Materials	35,800	546	576
Silgan Holdings Inc.	United States	Materials	3,625	158	191
Simplo Technology Co. Ltd.	Taiwan	Information Technology	36,000	627	593
SKY Perfect JSAT Holdings Inc.	Japan	Communication Services	9,100	52	51
Sony Corp.	Japan	Consumer Discretionary	2,200	296	291
Southern Copper Corp.	Peru	Materials	13,173	950	1,123
Sri Trang Agro-Industry PCL	Thailand	Consumer Discretionary	70,600	164	133
Sri Trang Gloves Thailand PCL	Thailand	Health Care	68,200	111	113
Stepan Co.	United States	Materials	3,019	442	482
Suzuken Co. Ltd.	Japan	Health Care	3,300	162	162
Systemax Inc.	United States	Industrials	1,465	40	76
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	41,000	661	1,074
Telefonaktiebolaget LM Ericsson B	Sweden	Information Technology	56,599	919	940
Tencent Holdings Ltd.	China	Communication Services	6,700	619	664
Texas Instruments Inc.	United States	Information Technology	6,794	1,216	1,613
Texwinca Holdings Ltd.	Hong Kong	Consumer Discretionary	72,000	16	21
Tofas Turk Otomobil Fabrikasi AS	Turkey	Consumer Discretionary	27,169	140	137
Toro Co.	United States	Industrials	10,513	1,116	1,362
Trustmark Corp.	United States	Financials	7,049	218	298
Ubiquiti Inc.	United States	Information Technology	533	219	200
UnipolSai SPA	Italy	Financials	67,930	237	257
UnitedHealth Group Inc.	United States	Health Care	3,525	1,315	1,649
Valvoline Inc.	United States	Materials	15,702	468	514
Wal-Mart de Mexico SAB de CV Series V	Mexico	Consumer Staples	11,175	40	44

**SCHEDULE OF INVESTMENTS (continued)**

as at March 31, 2021

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (continued)</b>					
Wolters Kluwer NV	Netherlands	Industrials	10,054	972	1,098
Yondoshi Holdings Inc.	Japan	Consumer Discretionary	5,100	116	111
ZERIA Pharmaceutical Co. Ltd.	Japan	Health Care	6,000	144	143
				<u>78,287</u>	<u>91,309</u>
<b>COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS</b>				(28)	–
<b>TOTAL INVESTMENTS</b>				<u>78,259</u>	<u>91,309</u>
<b>Net Assets</b>					
Total investments					91,309
Cash and cash equivalents					102
Derivative assets (see schedule of forward currency contracts)					128
Derivative liabilities (see schedule of forward currency contracts)					(88)
Other net assets (liabilities)					941
					<u>92,392</u>

**Schedule of Asset Composition**

at March 31, 2021

	% of net assets
<b>BY ASSET TYPE</b>	
Equities	98.8
Cash and cash equivalents	0.1
Other	1.1
<b>Total</b>	<b>100.0</b>

**BY SECTOR**

Information Technology	22.5
Health Care	20.3
Financials	14.8
Consumer Discretionary	10.7
Materials	9.7
Consumer Staples	8.1
Industrials	7.3
Communication Services	4.8
Utilities	0.5
Real Estate	0.1
Cash and cash equivalents	0.1
Other	1.1
<b>Total</b>	<b>100.0</b>

**BY REGION**

United States	42.2
Pacific ex Japan	24.6
Europe ex U.K.	21.5
Japan	5.6
Canada	3.0
Latin America	2.7
United Kingdom	0.3
Cash and cash equivalents	0.1
<b>Total</b>	<b>100.0</b>

at March 31, 2020

	% of net assets
<b>BY ASSET TYPE</b>	
Equities	101.8
Other	(1.8)
<b>Total</b>	<b>100.0</b>

**BY SECTOR**

Financials	22.9
Information Technology	18.7
Health Care	15.8
Consumer Discretionary	9.1
Consumer Staples	8.8
Communication Services	8.6
Industrials	6.4
Materials	4.3
Utilities	3.2
Energy	3.1
Real Estate	0.9
Other	(1.8)
<b>Total</b>	<b>100.0</b>

**BY REGION**

United States	39.4
Europe ex U.K.	28.5
Pacific ex Japan	24.3
Japan	5.6
Latin America	1.3
Canada	0.5
United Kingdom	0.3
Middle East and Africa	0.1
<b>Total</b>	<b>100.0</b>

**Schedule of Derivative Instruments**

as at March 31, 2021

**Schedule of Forward Currency Contracts**

Counterparty credit rating	Settlement date	Currency to be received (000)	Contract cost (CAD\$ 000)	Currency to be delivered (000)	Current fair value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)	
AA	06-04-2021	3,865 CAD	3,865	2,533 EUR	3,738	128	–	
AA	06-30-2021	9 CAD	9	5 GBP	9	–	–	
AA	06-18-2021	5,699 CAD	5,699	4,569 USD	5,741	–	(42)	
AA	06-18-2021	5,701 CAD	5,701	4,569 USD	5,741	–	(40)	
AA	06-18-2021	5,642 CAD	5,642	4,495 USD	5,648	–	(6)	
						128	(88)	
<b>TOTAL DERIVATIVE ASSETS</b>								128
<b>TOTAL DERIVATIVE LIABILITIES</b>								(88)

**Note:***The following abbreviations have been used:**CAD – Canadian dollars**EUR – Euro**GBP – United Kingdom pounds**USD – United States dollars*

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

The information provided in these financial statements and notes thereto is for the year ended or as at March 31, 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. In a year in which a series is terminated, 'period' represents the period from April 1 to the series' termination. Refer to Note 9 (a) for series inception and termination 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.

Financial instruments 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 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.

The Fund accounts for its investments 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.

Investments listed on a public securities exchange, including exchange traded funds ("ETFs"), or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Counsel 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 Counsel 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.

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. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

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 Counsel or the Fund's sub-advisor(s), 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. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, 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 – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the change in unrealized gains or losses that are best determined at the settlement price. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on derivatives. Any change in the variation margin requirement is settled daily.

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. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed; and

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

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

See Note 9 (e) for the fair value classifications of the Fund.

**NOTES TO ANNUAL FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(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, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

**(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.

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 and recognized when earned. 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.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

**(f) Foreign currency**

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

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

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

**(g) Offsetting**

The Fund only offsets financial assets and liabilities in the Statement of Financial Position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

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. As at March 31, 2021 and March 31, 2020, there were no such differences.

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

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

**(k) 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.

**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 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.

**NOTES TO ANNUAL FINANCIAL STATEMENTS****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, excluding Series O, is charged a fixed rate annual administration fee ("Administration Fee"), as applicable, and in return, Counsel bears all of the operating expenses of the Fund, other than certain specified fund costs.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Counsel Funds' Independent Review Committee (IRC), 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, 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.

**(b) Liquidity risk**

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

Other investment funds managed by Counsel ("Top Funds") may invest in Series O securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. Series Private Wealth securities may also be issued on a prospectus-exempt basis to investors in the IPC Private Wealth program offered by IPC Securities Corporation, an affiliate of Counsel.

From time to time, these holdings may be rebalanced by either reducing an allocation to the Fund or eliminating such investments in the Fund entirely. In either case, depending on the size of the investment by a large investor, this could cause a significant redemption from the Fund. Meeting such a redemption may require the Fund to sell portfolio holdings. This could result in the Fund selling a particular holding before it has achieved the valuation sought by the Manager thus affecting Fund returns. This could also result in the Fund realizing capital gains on its holdings earlier than planned, which could result in capital gains distributed to investors in the Fund (which could result in income tax payable by the investor) that might not have occurred or might have occurred at a later date.

For the amounts held by and the changes thereto during the period pertaining to Series O and/or Series Private Wealth, please refer to the amounts disclosed in the Statement of Financial Position and Statement of Changes in Financial Position.

**(c) Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment into which it has entered with the Fund. Note 9 (c) summarizes the Fund's exposure, if applicable and significant, to credit risk through fixed income instruments. Where presented, credit ratings and rating categories are based on ratings issued by a designated rating organization.

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.

**(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.

Note 9 (c) indicates the foreign currencies, if applicable, to which the Fund had significant exposure, in Canadian dollar terms, to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. 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 generally expose the Fund to significant currency risk.

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

If significant, Note 9 (c) summarizes the Fund's bonds by remaining term to maturity and illustrates the potential impact to the Fund's net assets 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.

Cash and cash equivalents are short term in nature and are not generally subject to significant amounts of interest rate risk.

**(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 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**

Series	Date of Inception	Minimum Investment (\$)	Management Fee <sup>6</sup> (%)	Administration Fee <sup>6</sup> (%)
Series A <sup>1</sup>	July 13, 2012	1,000	2.10	0.31
Series F <sup>2</sup>	July 13, 2012	1,000	1.10	0.15
Series I <sup>2,3,7</sup>	July 13, 2012	1,000	–	0.15
Series O <sup>4</sup>	July 24, 2012	–	–	–
Series Private Wealth <sup>5</sup>	July 13, 2012	–	–	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 1.10% and is payable directly to Counsel generally through the monthly redemption of securities.

<sup>4</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>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.

<sup>6</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.

**(b) Investment Objectives and Strategies**

The Fund seeks to earn dividend income and long-term growth of capital by investing primarily in Canadian, U.S. and international equities.

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

## i. Currency Risk

The table below indicates the foreign currencies, to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of forward currency contracts.

Currency	March 31, 2021				Impact on net assets			
	Investments	Cash and cash equivalents	Derivative instruments	Net exposure	Strengthened by 5% (\$)	(%)	Weakened by 5% (\$)	(%)
Australian dollars	3,488	–	–	3,488				
Chinese yuan	5,714	–	–	5,714				
Danish krone	2,587	34	–	2,621				
United Kingdom pounds	311	–	(9)	302				
Euro	7,955	2	(3,738)	4,219				
Japanese yen	5,149	–	–	5,149				
Mexican peso	1,374	14	–	1,388				
Taiwanese dollars	7,897	3	–	7,900				
New Zealand dollars	1,414	–	–	1,414				
South Korean won	3,073	–	–	3,073				
Swedish krona	3,720	4	–	3,724				
Swiss franc	4,545	26	–	4,571				
United States dollars	38,977	6	(17,130)	21,853				
Other	3,320	5	–	3,325				
Total	89,524	94	(20,877)	68,741				
As percent of net assets (%)				74.4				
Total sensitivity to currency rate changes					(3,437)	(3.7)	3,437	3.7

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

## i. Currency Risk (continued)

Currency	March 31, 2020				Impact on net assets			
	Investments	Cash and cash equivalents	Derivative instruments	Net exposure	Strengthened by 5%		Weakened by 5%	
					(\$)	(%)	(\$)	(%)
Australian dollars	2,238	1	–	2,239				
Chinese yuan	9,469	–	–	9,469				
Euro	15,386	4	(3,312)	12,078				
Japanese yen	4,882	–	–	4,882				
Malaysian ringgit	1,112	2	–	1,114				
Taiwanese dollars	2,988	–	–	2,988				
South Korean won	2,873	–	–	2,873				
Swedish krona	1,595	–	–	1,595				
Swiss franc	5,627	–	–	5,627				
Turkish lira	1,888	–	–	1,888				
United States dollars	34,066	17	–	34,083				
Other	4,013	24	–	4,037				
<b>Total</b>	<b>86,137</b>	<b>48</b>	<b>(3,312)</b>	<b>82,873</b>				
As percent of net assets (%)				95.7				
Total sensitivity to currency rate changes					(4,144)	(4.8)	4,144	4.8

The Fund follows a dynamic hedging strategy where it targets a hedge against the U.S. dollar, based on the Counsel's expectation of future exchange rates at that time. As at March 31, 2021, the Fund targeted a hedge of 37.5% (March 31, 2020 – 0%) against the U.S. Dollar.

In February 2020, Counsel introduced a similar dynamic hedge against the Euro; as at March 31, 2021 the Fund was targeting a 50% (March 31, 2020 – 25%) hedge against the Euro. In July 2020, a similar hedge was introduced against the British pound; as at March 31, 2021, the Fund was targeting a 25% hedge against the British pound.

## ii. Interest Rate Risk

As at March 31, 2021 and March 31, 2020, the Fund did not have a significant exposure to interest rate risk related to fixed income investments.

## iii. Other Price Risk

Impact on net assets	Increase by 10%		Decrease by 10%	
	(\$)	(%)	(\$)	(%)
March 31, 2021	9,131	9.9	(9,131)	(9.9)
March 31, 2020	8,810	10.2	(8,810)	(10.2)

## iv. Credit Risk

As at March 31, 2021 and March 31, 2020, the Fund did not have a significant exposure to credit risk related to fixed income investments.

**(d) Loss Carryforwards**

Non-Capital Losses carryforward	Net Capital Losses carryforward
\$Nil	\$2,050

**(e) Fair Value Classification**

The tables below summarize the fair value of the Fund's investments using the fair value categories described in Note 3.

as at March 31, 2021	Level 1	Level 2	Level 3	Total
Fixed income	–	–	–	–
Equities	44,569	46,740	–	91,309
Cash equivalents	–	–	–	–
Derivative assets	–	128	–	128
Derivative liabilities	–	(88)	–	(88)
<b>Total</b>	<b>44,569</b>	<b>46,780</b>	<b>–</b>	<b>91,349</b>
as at March 31, 2020	Level 1	Level 2	Level 3	Total
Fixed income	–	–	–	–
Equities	37,311	50,789	–	88,100
Cash equivalents	–	–	–	–
Derivative assets	–	22	–	22
Derivative liabilities	–	(1,785)	–	(1,785)
<b>Total</b>	<b>37,311</b>	<b>49,026</b>	<b>–</b>	<b>86,337</b>

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. Consequently, during the year, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As of March 31, 2021, these securities were classified as Level 2 (March 31, 2020 – Level 2). Other than as described above, there were no significant transfers between Level 1 and Level 2.

**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 (continued)****(f) Securities Lending**

as at	Value of securities loaned	Value of collateral received
March 31, 2021	578	626
March 31, 2020	–	–

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2021 and 2020 is presented below:

for the year ended March 31	Amount (\$)		Percentage of Total Amount (%)	
	2021	2020	2021	2020
Gross Securities Lending Income	–	–	–	–
Securities Lending Agent fees	–	–	–	–
Securities Lending Income to the Fund before Withholdings Taxes	–	–	–	–
Withholding Taxes	–	–	–	–
Securities Lending Income	–	–	–	–

**(g) Offsetting of financial assets and financial liabilities**

The tables below present the recognized financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

for the year ended March 31	March 31, 2021			
	Gross amount of assets/liabilities	Amount available for offset	Margin	Net amount
Unrealized gains on derivative contracts	128	–	–	128
Unrealized losses on derivative contracts	(88)	–	–	(88)
Total	40	–	–	40

for the year ended March 31	March 31, 2020			
	Gross amount of assets/liabilities	Amount available for offset	Margin	Net amount
Unrealized gains on derivative contracts	22	(22)	–	–
Unrealized losses on derivative contracts	(1,785)	22	–	(1,763)
Total	(1,763)	–	–	(1,763)



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