

COUNSEL | PORTFOLIO SERVICES

Counsel Money Market

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 or by visiting 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 |
|---|--------|--------|
| Assets | | |
| Current assets: | | |
| Investments at fair value | 24,079 | 30,133 |
| Cash | 18 | – |
| Accrued interest receivable | 32 | 74 |
| Dividends receivable | – | – |
| Accounts receivable for investments sold | – | – |
| Accounts receivable for securities issued | 10 | 9 |
| Accounts receivable from the Manager | 6 | – |
| Margin on derivative contracts | – | – |
| Derivative assets | – | – |
| Other assets | – | – |
| | 24,145 | 30,216 |
| Non-current assets: | | |
| Taxes recoverable | – | – |
| Other assets | – | – |
| | – | – |
| Total assets | 24,145 | 30,216 |
| Liabilities | | |
| Current liabilities: | | |
| Bank indebtedness | – | – |
| Accounts payable for investments purchased | 427 | – |
| Accounts payable for securities redeemed | 25 | – |
| Dividends payable | 9 | 16 |
| Accrued expenses and miscellaneous payables | 1 | 1 |
| Dividends payable on investments sold short | – | – |
| Derivative liabilities | – | – |
| Taxes payable | – | – |
| Other liabilities | – | – |
| | 462 | 17 |
| Total liabilities | 462 | 17 |
| Net assets attributable to securityholders | 23,683 | 30,199 |

STATEMENTS OF COMPREHENSIVE INCOME

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

| | 2021 | 2020 |
|---|-------|------|
| Income: | | |
| Dividends | – | – |
| Interest income | 151 | 430 |
| Net realized gain (loss) | – | – |
| Net unrealized gain (loss) | – | – |
| Income (loss) from derivatives | – | – |
| Income (loss) from short selling | – | – |
| Securities lending income | – | – |
| Trust income | – | – |
| Total income | 151 | 430 |
| Expenses: | | |
| Management fees | 230 | 182 |
| Management fee rebates | – | – |
| Administration fees | 41 | 33 |
| Commissions and other portfolio transaction costs | – | – |
| Independent Review Committee costs | – | – |
| Interest and other charges | – | – |
| Expenses before amounts absorbed by Manager | 271 | 215 |
| Expenses absorbed by Manager | (182) | – |
| Net expenses | 89 | 215 |
| Increase (decrease) in net assets attributable to securityholders from operations before tax | 62 | 215 |
| Foreign withholding tax expense (recovery) | – | – |
| Foreign income tax expense (recovery) | – | – |
| Income tax expense (recovery) | – | – |
| Increase (decrease) in net assets attributable to securityholders from operations | 62 | 215 |

| | Net assets attributable to securityholders | | | |
|-----------------------|--|-------|------------|--------|
| | per security | | per series | |
| | 2021 | 2020 | 2021 | 2020 |
| Series A | 10.00 | 10.00 | 18,731 | 19,618 |
| Series C | 10.00 | 10.00 | 1 | 2 |
| Series F | 10.00 | 10.00 | 1,399 | 3,438 |
| Series I | 10.00 | 10.00 | 685 | 1,101 |
| Series O | 10.00 | 10.00 | 2,824 | 6,040 |
| Series Private Wealth | 10.00 | – | 43 | – |
| | | | 23,683 | 30,199 |

| | Increase (decrease) in net assets attributable to securityholders from operations | | | |
|-----------------------|---|------|------------|------|
| | per security | | per series | |
| | 2021 | 2020 | 2021 | 2020 |
| Series A | 0.01 | 0.06 | 16 | 104 |
| Series C | 0.01 | 0.09 | – | 1 |
| Series F | 0.01 | 0.09 | 2 | 12 |
| Series I | 0.04 | 0.17 | 5 | 19 |
| Series O | 0.05 | 0.19 | 39 | 79 |
| Series Private Wealth | 0.01 | – | – | – |
| | | | 62 | 215 |

STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

| | TOTAL | | SERIES A | | SERIES C | | SERIES F | |
|---|----------|----------|----------|----------|----------|---------|----------|---------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net assets attributable to securityholders, beginning of period | 30,199 | 24,502 | 19,618 | 17,061 | 2 | 59 | 3,438 | 951 |
| Increase (decrease) in net assets attributable to securityholders resulting from: | | | | | | | | |
| Operations | 62 | 215 | 16 | 104 | – | 1 | 2 | 12 |
| Distributions: | | | | | | | | |
| Income | (62) | (215) | (23) | (99) | – | – | (3) | (11) |
| Capital gains | – | – | – | – | – | – | – | – |
| Return of capital | – | – | – | – | – | – | – | – |
| Management fee rebates | – | – | – | – | – | – | – | – |
| Total distributions | (62) | (215) | (23) | (99) | – | – | (3) | (11) |
| Security transactions: | | | | | | | | |
| Proceeds from sale of securities | 29,397 | 34,955 | 21,654 | 20,896 | 1,693 | 3,637 | 3,179 | 6,432 |
| Proceeds from securities issued on merger | – | – | – | – | – | – | – | – |
| Reinvested from distributions | 62 | 204 | 23 | 93 | – | – | 3 | 9 |
| Payment on redemption of securities | (35,975) | (29,462) | (22,557) | (18,437) | (1,694) | (3,695) | (5,220) | (3,955) |
| Total security transactions | (6,516) | 5,697 | (880) | 2,552 | (1) | (58) | (2,038) | 2,486 |
| Increase (decrease) in assets attributable to securityholders | (6,516) | 5,697 | (887) | 2,557 | (1) | (57) | (2,039) | 2,487 |
| Net assets attributable to securityholders, end of period | 23,683 | 30,199 | 18,731 | 19,618 | 1 | 2 | 1,399 | 3,438 |
| Increase (decrease) in securities (in thousands): | | | | | | | | |
| Securities outstanding, beginning of period | | | 1,961 | 1,706 | – | 6 | 344 | 95 |
| Add (deduct): | | | | | | | | |
| Securities sold | | | 2,165 | 2,090 | 169 | 364 | 318 | 643 |
| Securities issued on merger | | | – | – | – | – | – | – |
| Reinvested from distributions | | | 3 | 9 | – | – | – | 1 |
| Securities redeemed | | | (2,256) | (1,844) | (169) | (370) | (522) | (395) |
| Securities outstanding, end of period | | | 1,873 | 1,961 | – | – | 140 | 344 |

| | SERIES I | | SERIES O | | SERIES PRIVATE WEALTH | |
|---|----------|---------|----------|-------|-----------------------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net assets attributable to securityholders, beginning of period | 1,101 | 2,454 | 6,040 | 3,977 | – | n/a |
| Increase (decrease) in net assets attributable to securityholders resulting from: | | | | | | |
| Operations | 5 | 19 | 39 | 79 | – | n/a |
| Distributions: | | | | | | |
| Income | (4) | (19) | (32) | (86) | – | n/a |
| Capital gains | – | – | – | – | – | n/a |
| Return of capital | – | – | – | – | – | n/a |
| Management fee rebates | – | – | – | – | – | n/a |
| Total distributions | (4) | (19) | (32) | (86) | – | n/a |
| Security transactions: | | | | | | |
| Proceeds from sale of securities | 1,324 | 1,606 | 1,504 | 2,384 | 43 | n/a |
| Proceeds from securities issued on merger | – | – | – | – | – | n/a |
| Reinvested from distributions | 4 | 16 | 32 | 86 | – | n/a |
| Payment on redemption of securities | (1,745) | (2,975) | (4,759) | (400) | – | n/a |
| Total security transactions | (417) | (1,353) | (3,223) | 2,070 | 43 | n/a |
| Increase (decrease) in assets attributable to securityholders | (416) | (1,353) | (3,216) | 2,063 | 43 | n/a |
| Net assets attributable to securityholders, end of period | 685 | 1,101 | 2,824 | 6,040 | 43 | n/a |
| Increase (decrease) in securities (in thousands): | | | | | | |
| Securities outstanding, beginning of period | 110 | 245 | 605 | 398 | – | n/a |
| Add (deduct): | | | | | | |
| Securities sold | 132 | 161 | 150 | 238 | 4 | n/a |
| Securities issued on merger | – | – | – | – | – | n/a |
| Reinvested from distributions | 1 | 2 | 3 | 9 | – | n/a |
| Securities redeemed | (175) | (298) | (476) | (40) | – | n/a |
| Securities outstanding, end of period | 68 | 110 | 282 | 605 | 4 | n/a |

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 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets attributable to securityholders from operations | 62 | 215 |
| Less non-cash impact of: | | |
| Net realized loss (gain) on investments | — | — |
| Change in net unrealized loss (gain) on investments | — | — |
| Distributions received from Underlying Funds | — | — |
| Adjustments for: | | |
| Proceeds from sale and maturity of investments | 384,992 | 273,080 |
| Purchases of investments | (378,511) | (278,558) |
| (Increase) decrease in accounts receivable and other assets | 36 | (44) |
| Increase (decrease) in accounts payable and other liabilities | — | — |
| Net cash provided by (used in) operating activities | 6,579 | (5,307) |
| Cash flows from financing activities: | | |
| Proceeds from securities issued | 29,396 | 34,949 |
| Proceeds from securities issued on merger | — | — |
| Payments on redemption of securities | (35,950) | (29,634) |
| Distributions paid net of reinvestments | (7) | (7) |
| Net cash provided by (used in) financing activities | (6,561) | 5,308 |
| Increase (decrease) in cash | 18 | 1 |
| Cash (Bank indebtedness) at beginning of period | — | (1) |
| Effect of exchange rate fluctuations on cash | — | — |
| Cash, end of period | 18 | — |
| Cash | 18 | — |
| Bank indebtedness | — | — |
| | 18 | — |
| Supplementary disclosures on cash flow from operating activities: | | |
| Dividends received net of withholding taxes | — | — |
| Interest received | 193 | 386 |
| Interest paid | — | — |
| Income taxes paid (recovered) | — | — |

SCHEDULE OF INVESTMENTS

as at March 31, 2021

| | Country | Sector | No. of Units, Shares, or Par Value | Average Cost (\$ 000) | Fair Value (\$ 000) |
|--|---------------|------------------------|--|-----------------------------|---------------------------|
| BONDS | | | | | |
| Bank of Montreal 1.61% 10-28-2021 DPNT | Canada | Corporate | 320,000 | 323 | 323 |
| Bank of Montreal 3.40% 04-23-2021 DPNT | Canada | Corporate | 400,000 | 407 | 407 |
| The Bank of Nova Scotia 2.87% 06-04-2021 DPNT | Canada | Corporate | 360,000 | 365 | 365 |
| Canada Housing Trust No. 1 1.08% 09-15-2021 | Canada | Federal Government | 4,900,000 | 4,918 | 4,918 |
| Canada Housing Trust No. 1 F/R 03-15-2022 | Canada | Federal Government | 500,000 | 502 | 502 |
| Honda Canada Finance Inc. F/R 09-13-2021 | Canada | Corporate | 100,000 | 100 | 100 |
| John Deere Canada Funding Inc. 2.70% 10-12-2021 | United States | Corporate | 100,000 | 101 | 101 |
| Municipal Finance Authority of British Columbia 4.15% 06-01-2021 | Canada | Municipal Governments | 300,000 | 302 | 302 |
| OPB Finance Trust 1.88% 02-24-2022 | Canada | Provincial Governments | 200,000 | 203 | 203 |
| Province of British Columbia 1.65% 04-19-2021 | Canada | Provincial Governments | 312,000 | 313 | 313 |
| PSP Capital Inc. 1.34% 08-18-2021 | Canada | Federal Government | 100,000 | 101 | 101 |
| Royal Bank of Canada 1.65% 07-15-2021 DPNT | Canada | Corporate | 400,000 | 403 | 403 |
| Royal Bank of Canada 1.58% 09-13-2021 DPNT | Canada | Corporate | 45,000 | 46 | 46 |
| Sun Life Financial Inc. 4.57% 08-23-2021 | Canada | Corporate | 200,000 | 204 | 204 |
| The Toronto-Dominion Bank 2.62% 12-22-2021 | Canada | Corporate | 200,000 | 204 | 204 |
| Toyota Credit Canada Inc. F/R 09-27-2021 | Canada | Corporate | 175,000 | 175 | 175 |
| | | | | <u>8,667</u> | <u>8,667</u> |
| MONEY MARKET INSTRUMENTS | | | | | |
| The Bank of Nova Scotia 0.26% 11-16-2021 | | Corporate | 300,000 | 299 | 299 |
| Canadian Imperial Bank of Commerce 0.30% 04-06-2021 | | Corporate | 400,000 | 399 | 399 |
| Canadian Imperial Bank of Commerce 0.28% 04-29-2021 | | Corporate | 240,000 | 240 | 240 |
| Canadian Imperial Bank of Commerce 0.28% 05-20-2021 | | Corporate | 1,000,000 | 999 | 999 |
| Canadian Imperial Bank of Commerce 0.24% 07-12-2021 | | Corporate | 500,000 | 499 | 499 |
| Canadian Master Trust 0.32% 04-09-2021 | | Corporate | 200,000 | 200 | 200 |
| Clarity Trust 0.22% 04-22-2021 | | Corporate | 100,000 | 100 | 100 |
| Enbridge Pipelines Inc. 0.21% 04-28-2021 | | Corporate | 170,000 | 170 | 170 |
| Enbridge Pipelines Inc. 0.27% 04-28-2021 | | Corporate | 370,000 | 370 | 370 |
| Government of Canada 0.13% 04-29-2021 | | Federal Government | 700,000 | 699 | 699 |
| Government of Canada 0.17% 10-07-2021 | | Federal Government | 700,000 | 699 | 699 |
| Manulife Bank of Canada 0.40% 11-15-2021 | | Corporate | 200,000 | 199 | 199 |
| Manulife Financial Corp. 0.27% 08-06-2021 | | Corporate | 100,000 | 100 | 100 |
| Merit Trust 0.22% 04-28-2021 | | Corporate | 55,000 | 55 | 55 |
| National Bank of Canada 0.19% 04-20-2021 | | Corporate | 200,000 | 200 | 200 |
| Plaza Trust 0.26% 05-28-2021 | | Corporate | 170,000 | 170 | 170 |
| Province of Alberta 0.27% 07-23-2021 | | Provincial Governments | 200,000 | 200 | 200 |
| Province of Alberta 0.21% 09-30-2021 | | Provincial Governments | 800,000 | 798 | 798 |
| Province of Ontario 0.17% 06-30-2021 | | Provincial Governments | 2,390,000 | 2,388 | 2,388 |
| Province of Ontario 0.15% 08-04-2021 | | Provincial Governments | 800,000 | 799 | 799 |
| Province of Ontario 0.18% 12-29-2021 | | Provincial Governments | 200,000 | 199 | 199 |
| Province of Prince Edward Island 0.13% 04-13-2021 | | Provincial Governments | 1,500,000 | 1,500 | 1,500 |
| Province of Prince Edward Island 0.17% 05-18-2021 | | Provincial Governments | 1,000,000 | 1,000 | 1,000 |
| PSP Capital Inc. 0.25% 07-02-2021 | | Federal Government | 100,000 | 100 | 100 |
| PSP Capital Inc. 0.20% 11-25-2021 | | Federal Government | 500,000 | 499 | 499 |
| Ridge Trust 0.21% 04-07-2021 | | Corporate | 50,000 | 50 | 50 |
| Ridge Trust 0.24% 04-19-2021 | | Corporate | 200,000 | 200 | 200 |
| Ridge Trust 0.22% 05-07-2021 | | Corporate | 210,000 | 210 | 210 |
| Royal Bank of Canada 0.20% 04-01-2021 | | Corporate | 1,149,000 | 1,149 | 1,149 |
| Royal Bank of Canada 0.22% 04-09-2021 | | Corporate | 522,000 | 522 | 522 |
| Safe Trust 0.23% 04-16-2021 | | Corporate | 200,000 | 200 | 200 |
| Societe de transport 0.21% 05-20-2021 | | Corporate | 200,000 | 200 | 200 |
| | | | | <u>15,412</u> | <u>15,412</u> |
| TOTAL INVESTMENTS | | | | <u>24,079</u> | <u>24,079</u> |
| Net Assets | | | | | |
| Total investments | | | | | 24,079 |
| Cash | | | | | 18 |
| Other net assets (liabilities) | | | | | (414) |
| | | | | | <u>23,683</u> |

Schedule of Asset Composition

at March 31, 2021

| | % of net assets |
|------------------------|-----------------|
| BY ASSET TYPE | |
| Corporate | 37.4 |
| Federal Government | 31.7 |
| Provincial Governments | 31.3 |
| Municipal Governments | 1.3 |
| Cash | 0.1 |
| Other | (1.8) |
| Total | 100.0 |

COUNTRY ALLOCATION

| | |
|---------------|--------------|
| Canada | 101.3 |
| United States | 0.4 |
| Cash | 0.1 |
| Other | (1.8) |
| Total | 100.0 |

at March 31, 2020

| | % of net assets |
|------------------------|-----------------|
| BY ASSET TYPE | |
| Provincial Governments | 50.1 |
| Corporate | 32.6 |
| Federal Government | 17.1 |
| Other | 0.2 |
| Total | 100.0 |

COUNTRY ALLOCATION

| | |
|---------------|--------------|
| Canada | 99.3 |
| United States | 0.7 |
| Total | 100.0 |

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.

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.

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 are valued at cost which, together with accrued interest, approximates fair value. The cost of investments is determined on a weighted average cost basis. Fair value of investments is determined based on the last traded market price where this price falls within the quoted bid-ask spread for the investment. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The Fund's financial instruments carried at fair value are classified using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

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

As at March 31, 2021 and March 31, 2020, all investments were classified as Level 2. There were no significant transfers between Level 1 and Level 2 during the periods.

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method.

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

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

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 31.

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 0, 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.

(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 0 securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds.

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

For the amounts held by and the changes thereto during the period pertaining to Series 0, 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.

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

As at March 31, 2021 and March 31, 2020, the Fund did not have a significant exposure to 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.

As at March 31, 2021 and March 31, 2020, the Fund did not have a significant exposure to interest rate risk as its investments have short terms to maturity.

(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.

As at March 31, 2021 and March 31, 2020, the Fund did not have a significant exposure to other price risk.

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 ⁵ (%) | Administration Fee ⁶ (%) |
|------------------------------------|-------------------|-------------------------|---------------------------------|-------------------------------------|
| Series A ¹ | February 15, 2000 | 1,000 | 0.95 | 0.16 |
| Series C ^{1,5} | January 26, 2007 | 1,000 | 0.70 | 0.16 |
| Series F ² | November 27, 2009 | 1,000 | 0.70 | 0.15 |
| Series I ^{2,3,6} | January 21, 2008 | 1,000 | – | 0.15 |
| Series O ⁴ | January 13, 2016 | – | – | – |
| Series Private Wealth ⁷ | October 19, 2020 | – | – | 0.15 |

¹ Series A and C are 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.

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

³ The management fee for this series is 0.70% and is payable directly to Counsel generally through the monthly redemption of securities.

⁴ 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.

⁵ This series is only available to investors utilizing the Counsel Advisor-Directed Rebalancing ("Counsel ADR") service.

⁶ 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.

⁷ There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in the IPC One Program offered by IPC Securities and agree to pay certain asset-based fees.

(b) Investment Objectives and Strategies

The investment portfolio is comprised primarily of high-quality short-term Canadian money market securities and floating rate notes. The Fund selects investments that include short-term debt issued or guaranteed by federal, provincial or municipal governments, promissory notes, non-government obligations issued by chartered banks and commercial paper issued by corporations.

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

The Fund's greatest concentration of credit risk is in short-term debt securities. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

| | March 31, 2021 | March 31, 2020 |
|-----------|-----------------|-----------------|
| | % of Net Assets | % of Net Assets |
| R1 (High) | 64.9 | 62.7 |
| R1 (Mid) | 21.4 | 34.6 |
| R1 (Low) | 14.5 | 1.1 |
| Unrated | 0.9 | 1.4 |
| Total | 101.7 | 99.8 |

As at March 31, 2021, the maximum exposure to any one debt issuer was 31.7% of net assets (March 31, 2020 – 17.1%).

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

(d) Loss Carryforwards

| Non-Capital Losses carryforward | Net Capital Losses carryforward |
|---------------------------------|---------------------------------|
| \$Nil | \$Nil |



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