

COUNSEL | PORTFOLIO SERVICES

Counsel U.S. Value

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	212,835	135,920
Cash and cash equivalents	1,722	716
Accrued interest receivable	–	–
Dividends receivable	117	378
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	108	20
Accounts receivable from the Manager	–	3
Margin on derivative contracts	–	–
Derivative assets	–	–
Other assets	–	–
	214,782	137,037
Non-current assets:		
Taxes recoverable	–	–
Other assets	–	–
	–	–
Total assets	214,782	137,037
Liabilities		
Current liabilities:		
Bank indebtedness	–	–
Accounts payable for investments purchased	4	173
Accounts payable for securities redeemed	169	82
Distributions payable	–	–
Accrued expenses and miscellaneous payables	1	1
Dividends payable on investments sold short	–	–
Derivative liabilities	407	5,034
Taxes payable	–	–
Other liabilities	–	–
Total liabilities	581	5,290
Net assets attributable to securityholders	214,201	131,747

STATEMENTS OF COMPREHENSIVE INCOME

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

	2021	2020
Income:		
Dividends	4,562	5,323
Interest and other income	1	9
Net realized gain (loss)	(44,146)	1,023
Net unrealized gain (loss)	113,704	(55,353)
Income (loss) from derivatives	–	–
Income (loss) from short selling	–	–
Securities lending income	17	10
Trust income	–	–
Total income	74,138	(48,988)
Expenses:		
Management fees	176	347
Management fee rebates	(1)	(1)
Administration fees	41	71
Commissions and other portfolio transaction costs	68	51
Independent Review Committee costs	–	1
Interest and other charges	–	–
Expenses before amounts absorbed by Manager	284	469
Expenses absorbed by Manager	–	–
Net expenses	284	469
Increase (decrease) in net assets attributable to securityholders from operations before tax	73,854	(49,457)
Foreign withholding tax expense (recovery)	608	797
Foreign income tax expense (recovery)	–	–
Income tax expense (recovery)	–	–
Increase (decrease) in net assets attributable to securityholders from operations	73,246	(50,254)

	Net assets attributable to securityholders			
	per security		per series	
	2021	2020	2021	2020
Series A	14.44	9.53	4,823	4,920
Series E	14.74	9.73	2,006	3,313
Series F	14.83	9.77	4,274	3,711
Series I	14.95	9.85	1,843	1,453
Series O	14.57	9.59	193,122	113,585
Series Private Wealth	14.92	9.83	8,133	4,765
			214,201	131,747

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2021	2020	2021	2020
Series A	4.85	(4.43)	1,931	(2,258)
Series E	5.01	(4.50)	993	(1,524)
Series F	5.13	(4.35)	1,586	(1,581)
Series I	4.74	(4.22)	651	(601)
Series O	5.44	(4.12)	65,302	(41,440)
Series Private Wealth	5.31	(4.20)	2,783	(2,850)
			73,246	(50,254)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	TOTAL		SERIES A		SERIES E		SERIES F	
	2021	2020	2021	2020	2021	2020	2021	2020
Net assets attributable to securityholders, beginning of period	131,747	184,049	4,920	9,872	3,313	7,141	3,711	7,385
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	73,246	(50,254)	1,931	(2,258)	993	(1,524)	1,586	(1,581)
Distributions:								
Income	(3,721)	(4,340)	(19)	(80)	(14)	(68)	(50)	(141)
Capital gains	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–
Management fee rebates	(1)	(1)	–	–	–	–	(1)	(1)
Total distributions	(3,722)	(4,341)	(19)	(80)	(14)	(68)	(51)	(142)
Security transactions:								
Proceeds from sale of securities	51,989	84,406	835	1,013	–	–	2,172	1,906
Proceeds from securities issued on merger	–	–	–	–	–	–	–	–
Reinvested from distributions	3,720	4,337	19	80	14	68	50	138
Payment on redemption of securities	(42,779)	(86,450)	(2,863)	(3,707)	(2,300)	(2,304)	(3,194)	(3,995)
Total security transactions	12,930	2,293	(2,009)	(2,614)	(2,286)	(2,236)	(972)	(1,951)
Increase (decrease) in assets attributable to securityholders	82,454	(52,302)	(97)	(4,952)	(1,307)	(3,828)	563	(3,674)
Net assets attributable to securityholders, end of period	214,201	131,747	4,823	4,920	2,006	3,313	4,274	3,711
Increase (decrease) in securities (in thousands):								
Securities outstanding, beginning of period			516	700	341	496	380	510
Add (deduct):								
Securities sold			70	76	–	–	174	141
Securities issued on merger			–	–	–	–	–	–
Reinvested from distributions			2	6	1	5	4	9
Securities redeemed			(254)	(266)	(206)	(160)	(270)	(280)
Securities outstanding, end of period			334	516	136	341	288	380

	SERIES I		SERIES O		SERIES PRIVATE WEALTH	
	2021	2020	2021	2020	2021	2020
Net assets attributable to securityholders, beginning of period	1,453	2,199	113,585	150,387	4,765	7,065
Increase (decrease) in net assets attributable to securityholders resulting from:						
Operations	651	(601)	65,302	(41,440)	2,783	(2,850)
Distributions:						
Income	(39)	(72)	(3,454)	(3,697)	(145)	(282)
Capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–
Total distributions	(39)	(72)	(3,454)	(3,697)	(145)	(282)
Security transactions:						
Proceeds from sale of securities	1,307	1,142	44,137	75,562	3,538	4,783
Proceeds from securities issued on merger	–	–	–	–	–	–
Reinvested from distributions	39	72	3,454	3,697	144	282
Payment on redemption of securities	(1,568)	(1,287)	(29,902)	(70,924)	(2,952)	(4,233)
Total security transactions	(222)	(73)	17,689	8,335	730	832
Increase (decrease) in assets attributable to securityholders	390	(746)	79,537	(36,802)	3,368	(2,300)
Net assets attributable to securityholders, end of period	1,843	1,453	193,122	113,585	8,133	4,765
Increase (decrease) in securities (in thousands):						
Securities outstanding, beginning of period	148	150	11,838	10,634	485	483
Add (deduct):						
Securities sold	104	81	3,615	5,878	281	332
Securities issued on merger	–	–	–	–	–	–
Reinvested from distributions	3	5	304	278	12	19
Securities redeemed	(132)	(88)	(2,500)	(4,952)	(233)	(349)
Securities outstanding, end of period	123	148	13,257	11,838	545	485

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	73,246	(50,254)
Less non-cash impact of:		
Net realized loss (gain) on investments	44,146	(1,023)
Change in net unrealized loss (gain) on investments	(113,704)	55,353
Distributions received from Underlying Funds	–	–
Adjustments for:		
Proceeds from sale and maturity of investments	168,374	247,249
Purchases of investments	(180,527)	(249,671)
(Increase) decrease in accounts receivable and other assets	264	12
Increase (decrease) in accounts payable and other liabilities	–	(3)
Net cash provided by (used in) operating activities	(8,201)	1,663
Cash flows from financing activities:		
Proceeds from securities issued	51,901	84,536
Proceeds from securities issued on merger	–	–
Payments on redemption of securities	(42,692)	(86,450)
Distributions paid net of reinvestments	(2)	(4)
Net cash provided by (used in) financing activities	9,207	(1,918)
Increase (decrease) in cash and cash equivalents	1,006	(255)
Cash and cash equivalents at beginning of period	716	970
Effect of exchange rate fluctuations on cash and cash equivalents	–	1
Cash and cash equivalents, end of period	1,722	716
Cash	1,722	716
Cash equivalents	–	–
Bank indebtedness	–	–
	1,722	716
Supplementary disclosures on cash flow from operating activities:		
Dividends received net of withholding taxes	4,215	4,541
Interest received net of withholding taxes	1	9
Interest paid	–	–
Income taxes paid (recovered)	–	–

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

SCHEDULE OF INVESTMENTS

as at March 31, 2021

	Country	Sector	No. of Units/ Shares	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES					
Agilent Technologies Inc.	United States	Health Care	11,537	1,597	1,843
Akamai Technologies Inc.	United States	Information Technology	9,243	1,320	1,183
Alaska Air Group Inc.	United States	Industrials	140,272	6,268	12,199
The Allstate Corp.	United States	Financials	26,866	3,251	3,879
Amazon.com Inc.	United States	Consumer Discretionary	408	1,450	1,586
American International Group Inc.	United States	Financials	179,838	6,480	10,442
Best Buy Co. Inc.	United States	Consumer Discretionary	21,171	3,100	3,054
Bio-Rad Laboratories Inc. Class A	United States	Health Care	2,070	1,612	1,486
Campbell Soup Co.	United States	Consumer Staples	19,404	1,331	1,226
Centene Corp.	United States	Health Care	40,276	3,157	3,234
Charter Communications Inc. Class A	United States	Communication Services	1,946	1,420	1,509
Cigna Corp.	United States	Health Care	14,440	3,304	4,386
Citrix Systems Inc.	United States	Information Technology	6,430	1,236	1,134
The Clorox Co.	United States	Consumer Staples	5,101	1,365	1,236
ConAgra Brands Inc.	United States	Consumer Staples	67,223	3,105	3,176
Costco Wholesale Corp.	United States	Consumer Staples	3,226	1,424	1,429
CVS Health Corp.	United States	Health Care	65,449	5,693	6,187
D.R. Horton Inc.	United States	Consumer Discretionary	34,733	3,121	3,889
Danaher Corp.	United States	Health Care	5,118	1,546	1,447
DAVITA Inc.	United States	Health Care	27,403	3,282	3,711
Dollar General Corp.	United States	Consumer Discretionary	5,425	1,381	1,381
eBay Inc.	United States	Consumer Discretionary	47,977	3,099	3,692
Eli Lilly and Co.	United States	Health Care	6,260	1,195	1,469
Hewlett Packard Enterprise Co.	United States	Information Technology	445,500	5,985	8,811
Humana Inc.	United States	Health Care	5,941	3,127	3,130
IDEXX Laboratories Inc.	United States	Health Care	2,659	1,528	1,635
Invesco Ltd.	United States	Financials	442,672	6,121	14,028
Kohl's Corp.	United States	Consumer Discretionary	251,889	6,985	18,867
The Kroger Co.	United States	Consumer Staples	73,645	3,159	3,330
Lennar Corp. Class A	United States	Consumer Discretionary	32,923	3,133	4,188
Masco Corp.	United States	Industrials	43,643	3,089	3,285
MGM Resorts International	United States	Consumer Discretionary	290,661	6,661	13,875
Monster Beverage Corp.	United States	Consumer Staples	15,144	1,567	1,733
Morgan Stanley	United States	Financials	49,079	3,322	4,789
Newmont Goldcorp Corp.	United States	Materials	39,596	3,241	2,999
PerkinElmer Inc.	United States	Health Care	9,132	1,582	1,472
Principal Financial Group Inc.	United States	Financials	139,396	6,555	10,502
The Progressive Corp.	United States	Financials	27,068	3,274	3,252
PulteGroup Inc.	United States	Consumer Discretionary	57,094	3,146	3,762
Quest Diagnostics Inc.	United States	Health Care	19,202	3,094	3,097
Rollins Inc.	United States	Industrials	29,931	1,524	1,294
Target Corp.	United States	Consumer Discretionary	15,356	3,186	3,822
Thermo Fisher Scientific Inc.	United States	Health Care	2,492	1,563	1,429
Tyler Technologies Inc.	United States	Information Technology	3,022	1,557	1,612
UnitedHealth Group Inc.	United States	Health Care	7,793	3,197	3,643
Unum Group	United States	Financials	281,372	6,452	9,839
Valero Energy Corp.	United States	Energy	81,597	5,914	7,341
Wal-Mart Stores Inc.	United States	Consumer Staples	7,454	1,361	1,272
West Pharmaceutical Services Inc.	United States	Health Care	4,273	1,540	1,513
Whirlpool Corp.	United States	Consumer Discretionary	12,775	2,623	3,537
				155,223	212,835
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS				(25)	—
TOTAL INVESTMENTS				155,198	212,835
Net Assets					
Total investments					212,835
Derivative Liabilities					(407)
Cash and cash equivalents					1,722
Other net assets (liabilities)					51
					<u>214,201</u>

Schedule of Asset Composition

at March 31, 2021

	% of net assets
BY ASSET TYPE	
Equities	99.4
Cash and cash equivalents	0.8
Other (0.2)	
Total	100.0

	% of net assets
BY COUNTRY	
United States	99.4
Canada (0.2)	
Cash and cash equivalents	0.8
	100.0

	% of net assets
BY SECTOR	
Consumer Discretionary	28.8
Financials	26.5
Health Care	18.5
Industrials	7.8
Consumer Staples	6.3
Information Technology	6.0
Energy	3.4
Materials	1.4
Communication Services	0.7
Cash and cash equivalents	0.8
Other (0.2)	
	100.0

at March 31, 2020

	% of net assets
BY ASSET TYPE	
Equities	103.2
Cash and cash equivalents	0.5
Other (3.7)	
Total	100.0

	% of net assets
BY COUNTRY	
United States	103.2
Canada (3.7)	
Cash and cash equivalents	0.5
	100.0

	% of net assets
BY SECTOR	
Financials	21.8
Information Technology	20.1
Real Estate	14.8
Consumer Discretionary	10.8
Health Care	9.6
Consumer Staples	8.9
Energy	6.9
Industrials	6.5
Materials	3.8
Cash and cash equivalents	0.5
Other (3.7)	
	100.0

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	06-18-2021	26,877 CAD	26,877	21,546 USD	27,073	–	(196)
AA	06-18-2021	26,886 CAD	26,886	21,546 USD	27,073	–	(187)
AA	06-18-2021	21,337 CAD	21,337	17,000 USD	21,361	–	(24)
						–	(407)
TOTAL DERIVATIVE ASSETS							–
TOTAL DERIVATIVE LIABILITIES							(407)

Note:

The following abbreviations have been used:

CAD – Canadian dollars

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 ⁶ (%)	Administration Fee ⁶ (%)
Series A ¹	January 7, 2009	1,000	1.90	0.29
Series E ⁷	January 7, 2009	75,000	1.71	0.29
Series F ^{2,3}	January 7, 2009	1,000	0.90	0.15
Series I ^{2,6}	January 7, 2009	1,000	–	0.15
Series O ⁴	January 7, 2009	–	–	–
Series Private Wealth ⁵	January 7, 2009	–	–	0.15

¹ 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.

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 0.90% 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. This series may pay monthly distributions of net income to minimize risks associated with large redemption by other Counsel funds.

⁵ 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.

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 (excluding Series E investors) may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

⁷ This series is not available for purchase.

(b) Investment Objectives and Strategies

The Fund invests in undervalued companies that exhibit strong fundamentals. It seeks fundamentally strong companies and avoids speculative stocks in a variety of sectors.

(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%	
					(\$)	(%)	(\$)	(%)
United States dollars	212,835	404	(75,507)	137,732				
Total	212,835	404	(75,507)	137,732				
As percent of net assets (%)				64.3				
Total sensitivity to currency rate changes					(6,887)	(3.2)	6,887	3.2

Currency	March 31, 2020				Impact on net assets			
	Investments	Cash and cash equivalents	Derivative instruments	Net exposure	Strengthened by 5%		Weakened by 5%	
					(\$)	(%)	(\$)	(%)
United States dollars	135,920	268	–	136,188				
Total	135,920	268	–	136,188				
As percent of net assets (%)				103.4				
Total sensitivity to currency rate changes					(6,809)	(5.2)	6,809	5.2

The Fund follows a dynamic hedging strategy where it targets a hedge against the U.S. dollar (the largest foreign currency exposure), 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.

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	21,284	9.9	(21,284)	(9.9)
March 31, 2020	13,592	10.3	(13,592)	(10.3)

iv. Credit Risk

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

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)**(d) Loss Carryforwards**

Non-Capital Losses carryforward	Net Capital Losses carryforward
\$Nil	\$24,740

(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	212,835	–	–	212,835
Cash equivalents	–	–	–	–
Derivative assets	–	–	–	–
Derivative liabilities	–	(407)	–	(407)
Total	212,835	(407)	–	212,428

as at March 31, 2020	Level 1	Level 2	Level 3	Total
Fixed income	–	–	–	–
Equities	135,920	–	–	135,920
Cash equivalents	–	–	–	–
Derivative assets	–	–	–	–
Derivative liabilities	–	(5,034)	–	(5,034)
Total	135,920	(5,034)	–	130,886

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

(f) Securities Lending

as at	Value of securities loaned	Value of collateral received
March 31, 2021	1,555	1,633
March 31, 2020	13,399	14,246

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:

	Amount (\$)		Percentage of Total Amount (%)	
	2021	2020	2021	2020
for the year ended March 31				
Gross Securities Lending Income	22	14	100.0	100.0
Securities Lending Agent fees	(4)	(3)	(18.2)	(21.4)
Securities Lending Income to the Fund before Withholdings Taxes	18	11	81.8	78.6
Withholding Taxes	(1)	(1)	(4.5)	(7.2)
Securities Lending Income	17	10	77.3	71.4

(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.

	March 31, 2021			
	Gross amount of assets/liabilities	Amount available for offset	Margin	Net amount
for the year ended March 31				
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(407)	–	–	(407)
Total	(407)	–	–	(407)

	March 31, 2020			
	Gross amount of assets/liabilities	Amount available for offset	Margin	Net amount
for the year ended March 31				
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(5,034)	–	–	(5,034)
Total	(5,034)	–	–	(5,034)



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