Leon Frazer U.S. Dividend Companion Fund

Audited Annual Financial Statements

March 31, 2019

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Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the manager to the Funds, "T.E. Investment Counsel, a member of iA Investment Counsel Inc." (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgments.

The Manager has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The significant accounting policies which management believes are appropriate for the Fund are described in Generic Note 3 to the Financial Statements.

The Board is responsible for oversight of the financial reporting process and for reviewing and approving the financial statements of the Fund. The Board also reviews the adequacy of internal controls over the financial reporting process, auditing matters and financial reporting issues with management and the external auditors.

Gerry DeBoer
Chief Financial Officer

Mark Arthur
President and Chief Executive Officer

June 6, 2019

Independent Auditor's Report

To the Unitholders and Trustee of:

JOV Prosperity Canadian Equity Fund
JOV Prosperity Canadian Fixed Income Fund
JOV Prosperity International Equity Fund
JOV Prosperity U.S. Equity Fund
Leon Frazer Canadian Dividend Fund
Leon Frazer Income Stability Fund
Leon Frazer U.S. Dividend Companion Fund

(collectively, the Funds, individually, the Fund)

Our opinion

In our opinion, the accompanying March 31, 2019 annual financial statements of each of the Funds present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in generic note 1b) in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board (IFRS).

What we have audited
The financial statements of each of the Funds comprise:

- the statements of financial position as at the period-end dates indicated in generic note 1b);
- the statements of comprehensive income for the periods indicated in generic note 1b);
- the statements of changes in net assets attributable to holders of redeemable units for the periods indicated in generic note 1b);
- the statements of cash flows for the periods indicated in generic note 1b); and
- the notes to financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence
We are independent of each of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 of each of the Funds 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 ability of each of the Funds 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 any of the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each of the Funds.

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 for each Fund 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 generally accepted auditing standards 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 the financial statements of each of the Funds.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each of the Funds, 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 internal control of each of the Funds.
- 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 ability of each of the Funds 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 of each of the Funds 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 any of the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each of the Funds, 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.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
June 7, 2019

[1] CPA auditor, CA, public accountancy permit No. A123633

Leon Frazer U.S. Dividend Companion Fund

Statements of Financial Position

As at In thousands (except per unit figures)	**March 31 2019 US$**	March 31 2018 US$
ASSETS		
CURRENT ASSETS		
Investments	**15,367**	17,649
Cash	**496**	1,486
Subscriptions receivable	**-**	13
Interest, dividends, distributions and other receivable	**18**	17
	15,881	19,165
LIABILITIES		
CURRENT LIABILITIES		
Redemptions payable	**23**	26
Distributions payable	**68**	116
Expenses payable	**6**	39
	97	181
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**15,784**	18,984
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS BY SERIES		
Series A	**15,784**	18,984
UNITS OUTSTANDING		
Series A	**1,373**	1,817
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
Series A	**11.49**	10.45

Approved on behalf of the Board of Directors of iA Investment Counsel Inc.

Normand Pépin, Director

Mark Arthur, Director

Statements of Comprehensive Income

For periods ended March 31 In thousands (except per unit figures)	**2019 US$**	2018 US$
INCOME		
Interest for distribution purposes	**5**	-
Dividends	**476**	528
Other changes in fair value of investments and derivative financial instruments		
Investments:		
Net realized gain (loss)	**635**	(719)
Net change in unrealized appreciation (depreciation)	**925**	1,177
Net gain (loss) in fair value of investments	**1,560**	458
Derivative financial instruments:		
Net realized gain (loss)	**-**	-
Net change in unrealized appreciation (depreciation)	**-**	-
Net gain (loss) in fair value of derivative financial instruments	**-**	-
Total other changes in fair value of investments and derivative financial instruments	**1,560**	458
	2,041	986
EXPENSES		
Securityholder administration expenses	**25**	32
Transaction costs	**2**	5
Foreign withholding taxes	**69**	73
	96	110
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**1,945**	876
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS BY SERIES		
Series A	**1,945**	876
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
Series A	**1.20**	0.43

The accompanying Notes to the Financial Statements are an integral part of these statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the periods ended March 31 In thousands	**2019 US$**	2018 US$
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AT THE BEGINNING OF THE PERIOD		
Series A	**18,984**	21,117
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A	**1,945**	876
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income:		
Series A	**(322)**	(437)
	(322)	(437)
REDEEMABLE UNITS TRANSACTIONS		
Proceeds from redeemable units issued:		
Series A	**1,370**	2,954
Reinvestment of distributions to holders of redeemable units:		
Series A	**321**	436
Redemption of redeemable units:		
Series A	**(6,514)**	(5,962)
	(4,823)	(2,572)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A	**(3,200)**	(2,133)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AT END OF THE PERIOD		
Series A	**15,784**	18,984

Statements of Cash Flows

For the periods ended March 31 In thousands	**2019 US$**	2018 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	**1,945**	876
Adjustments		
Interest for distribution purposes	**(5)**	-
Dividends	**(476)**	(528)
Foreign withholding taxes	**69**	73
Net realized loss (gain) of investments and derivative financial instruments	**(635)**	719
Net change in unrealized depreciation (appreciation) of investments and derivative financial instruments	**(925)**	(1,177)
Proceeds from sale and maturity of investments	**4,046**	3,346
Purchases of investments	**(204)**	(3,959)
Increase / (decrease) in expenses payable	**(33)**	31
Interest received (paid)	**5**	-
Dividends received, net of withholding taxes	**406**	466
CASH FLOWS FROM OPERATING ACTIVITIES	**4,193**	(153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid to holders of redeemable units net of reinvested distributions	**(49)**	115
Proceeds from issuances of redeemable units	**1,370**	2,954
Change in subscriptions receivable	**13**	19
Proceeds from redemption of redeemable units	**(6,514)**	(5,962)
Change in redemptions payable	**(3)**	24
CASH FLOWS FROM FINANCING ACTIVITIES	**(5,183)**	(2,850)
NET INCREASE (DECREASE) IN CASH	**(990)**	(3,003)
Cash (Bank Overdraft) at Beginning of the Period	**1,486**	4,489
CASH (BANK OVERDRAFT) AT END OF THE PERIOD	**496**	1,486

The accompanying Notes to the Financial Statements are an integral part of these statements.

Schedule of Investment Portfolio

As at March 31, 2019 In thousands of U.S. dollars (except number of securities)	Number of Securities	Average Cost $	Carrying Value $
CANADIAN EQUITIES (7.77%)			
REAL ESTATE (7.77%)			
WPT Industrial REIT	88,100	1,087	1,226
U.S. EQUITIES (89.59%)			
CONSUMER STAPLES (14.65%)			
Archer-Daniels-Midland Co.	26,100	1,176	1,126
Costco Wholesale Corp.	4,900	774	1,186
		1,950	2,312
HEALTH CARE (20.41%)			
Abbott Laboratories	19,500	807	1,559
Johnson & Johnson	11,900	1,361	1,663
		2,168	3,222
INDUSTRIALS (31.60%)			
Caterpillar Inc.	9,100	925	1,233
Illinois Tool Works Inc.	8,500	1,154	1,220
Republic Services Inc.	15,575	926	1,252
United Parcel Service Inc., Class 'B'	11,475	1,251	1,283
		4,256	4,988
INFORMATION TECHNOLOGY (22.93%)			
Apple Inc.	6,500	1,026	1,235
International Business Machines Corp.	8,400	1,398	1,185
Paychex Inc.	14,950	861	1,199
		3,285	3,619
TOTAL U.S. EQUITIES		**11,659**	**14,141**
TOTAL INVESTMENT PORTFOLIO (97.36%)		**12,746**	**15,367**
OTHER ASSETS LESS LIABILITIES (2.64%)			417
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.00%)			**15,784**

Discussion of Financial Instrument Risk Management

March 31, 2019 (Generic Notes 3 and 5, in thousands of U.S. dollars, except per unit figures)

In the sections Discussion of Financial Instrument Risk Management and Supplementary Notes to Financial Statements - Fund Specific Information, Net Assets is defined as "Net Assets Attributable to Holders of Redeemable Units", please refer to Generic Note 3.

Fair Value Measurements

For more information on fair value measurements and inputs, and the aggregation into the fair value hierarchy levels, please refer to Methods and Assumptions Used to Estimate Fair Values of Financial Instruments section in Generic Note 5 Management of Financial Risks.

The following tables present the hierarchy of financial instruments recorded at fair value, based on the hierarchy levels of input used at measurement date.

As at March 31, 2019

	Financial Instruments at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
ASSETS				
Investments				
Equities	15,367	-	-	15,367
Investment funds	-	-	-	-
Bonds	-	-	-	-
Short-term investments	-	-	-	-
	15,367	-	-	15,367
Derivatives				
Derivative financial instruments	-	-	-	-
LIABILITIES				
Derivatives				
Derivative financial instruments	-	-	-	-
TOTAL	15,367	-	-	15,367

As at March 31, 2018

	Financial Instruments at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
ASSETS				
Investments				
Equities	17,649	-	-	17,649
Investment funds	-	-	-	-
Bonds	-	-	-	-
Short-term investments	-	-	-	-
	17,649	-	-	17,649
Derivatives				
Derivative financial instruments	-	-	-	-
LIABILITIES				
Derivatives				
Derivative financial instruments	-	-	-	-
TOTAL	17,649	-	-	17,649

There were no significant transfers between the levels for the periods ending March 31, 2019 and March 31, 2018.

Credit Risk

As at March 31, 2019 and March 31, 2018, the Fund did not invest a significant portion of its holdings in debt instruments, therefore the Fund had no significant exposure to credit risk.

Concentration Risk

The following table summarizes the Fund's concentration risk:

Market Segments	Percentage of Net Assets As at March 31, 2019 (%)	Percentage of Net Assets As at March 31, 2018 (%)
Industrials	31.60	28.08
Information technology	22.93	23.16
Health care	20.41	22.24
Consumer staples	14.65	13.79
Real Estate	7.77	5.70
Other net assets	2.64	7.03

Liquidity Risk

As at March 31, 2019 and March 31, 2018, the Fund's redeemable units are due on demand. All other financial liabilities of the Fund have maturities of less than 30 days. Refer to Generic Note 5 for further information.

Interest Rate Risk

As at March 31, 2019 and March 31, 2018, the majority of the Fund's financial assets and liabilities were non-interest bearing and, accordingly, the Fund was not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Discussion of Financial Instrument Risk Management *(continued)*

March 31, 2019 (Generic Notes 3 and 5, in thousands of U.S. dollars, except per unit figures)

Currency Risk

As at March 31, 2019 and March 31, 2018, the Fund had no significant exposure to currency risk.

Price Risk

As at March 31, 2019 and March 31, 2018, the estimated impact on the Net Assets of the Fund due to a reasonably possible change in benchmark, with all other variables held constant, is presented in the tables below. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at March 31, 2019

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
S&P 500 Composite Total Return Index	10.00	100.00	9.74	1,537

As at March 31, 2018

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
S&P 500 Composite Total Return Index	10.00	100.00	9.30	1,765

Supplemental Notes to Financial Statements - Fund Specific Information

March 31, 2019 (Generic Note 1b, in thousands of U.S. dollars, except per unit figures)

Investment Objectives

The Fund's investment objective is to achieve long term capital growth and protect the value of investments by investing in United States companies with a history of maintaining and increasing their dividend.

The Fund

The series of units of the Fund was established on the following date:

	Date of Inception MM/DD/YY
Series A	11/08/16

Management of Financial Risks

See Generic Note 5

Investments in Unconsolidated Structured Entities

The Fund has no significant interests in unconsolidated structured entities to disclose.

Related Party Transactions

See Generic Note 7

Management Fees

As at March 31, 2019 and March 31, 2018, the annualized management fee rate applicable for each series of the Fund, net of waivers, if any, is as follows:

Series	Management Fee as at March 31, 2019 (%)	Management Fee as at March 31, 2018 (%)
Series A	-	-

The amount of management fees incurred during the period end is included in "Management Fees" in the Statement of Comprehensive Income.

Redeemable Units

See Generic Note 8

For the periods ended March 31, 2019 and March 31, 2018, the following units were issued/reinvested and redeemed:

	Period ended	Beginning of Period	Issued/ Reinvested during Period	Redeemed during Period	End of Period	Weighted Average Units
Series A	2019	1,817	156	600	1,373	1,624
	2018	2,054	321	558	1,817	1,974

Income Taxes

See Generic Note 11

As at the 2018 tax year end, the Fund had the following capital and non-capital loss carry forwards for income tax purposes. Non-capital losses expire as noted below. Capital losses may be carried forward indefinitely to be applied against future capital gains.

Capital Losses ($)	Non-Capital Losses ($)	Year of Expiry
415	-	-

1. General Information

a) The Funds

The manager of the Funds is T.E. Investment Counsel, a member of iA Investment Counsel Inc. ("TEIC" or the "Manager"). Prior to May 1, 2016, the Manager was known as T.E. Investment Counsel Inc. The trustee of the Funds is RBC Investor Services Trust (the "Trustee"). Prior to March 1, 2017, the manager of Jov Leon Frazer Dividend Fund was IA Clarington Investments Inc.

Effective May 1, 2017, JOV Leon Frazer Dividend Fund was renamed to Leon Frazer Canadian Dividend Fund.

Effective July 21, 2015, Leon Frazer Canadian Dividend Fund, Jov Prosperity Canadian Equity Fund, Jov Prosperity Canadian Fixed Income Fund, Jov Prosperity International Equity Fund and Jov Prosperity U.S. Equity Fund became Pooled Funds. These Funds, including Leon Frazer U.S. Dividend Companion Fund and Leon Frazer Income Stability Fund, are trust funds established under the laws of the Province of Ontario by Declarations of Trust. Under National Instrument 81-106, Pooled funds are exempted from filing a Management Report of Fund Performance.

The Funds invest primarily in different types of securities depending on their investments policies. Refer to Schedule of Investment Portfolio specific to each fund for further details on their investments.

The Funds' functional and presentation currency is Canadian dollars, except for Leon Frazer U.S. Dividend Companion Fund, whose functional and presentation currency is U.S. dollars.

These financial statements were authorized for issue by the Manager on June 6, 2019.

The address of the Funds' administrative office is 26 Wellington Street East, Suite 710, Toronto, Ontario, Canada, M5G 1S2.

b) Financial Reporting Dates

For Funds established before April 1, 2017 the Statements of Financial Position are as at March 31, 2019 and 2018 and the Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and the Statements of Cash Flows are for the 12-month periods ended March 31, 2019 and 2018.

For Leon Frazer Income Stability Fund, the Statements of Financial Position are as at March 31, 2019 and 2018. The Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and the Statements of Cash Flows are for the 12-month period ended March 31, 2019 and for the period from January 22, 2018 to March 31, 2018.

2. Basis of Presentation

These audited financial statements have been prepared in compliance with International Financial Reporting Standards by the International Accounting Standards Board ("IFRS").

3. Significant Accounting Policies

On April 1, 2018, the Funds have adopted IFRS 9, *Financial Instruments* ("IFRS 9"), replacing International Accounting Standard 39 *Financial Instruments — Recognition and Measurement* ("IAS 39"). The adoption of IFRS 9 has been applied retrospectively and did not result in a change to the measurement of financial instruments, in either the current or the prior year.

The significant accounting policies are as follows:

a) Significant judgments and assumptions

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods and complementary information. The most significant estimates and judgments include the fair value of financial instruments, the classification and measurements of investments and application of the fair value option.

The Funds hold financial instruments that are not quoted in active markets, including derivative financial instruments. Fair values of such instruments are determined using established valuation techniques. Actual results may differ from the Manager's best estimates. Estimates and assumptions are periodically reviewed according to changing facts and circumstances. Changes in assumptions could affect the reported fair values of financial instruments.

i) *Classification and Measurement of Investments and Application of the Fair Value Option*

Effective April 1, 2018, the Funds adopted IFRS 9. The requirements of IFRS 9 represent a change from IAS 39. In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Assessment and decision on the business model approach used is an accounting judgement.

The classification and measurement of liabilities remains generally unchanged.

Upon transition to IFRS 9, the Funds' financial assets and financial liabilities previously classified as FVTPL under IAS 39 continued to be categorized as FVTPL including both subcategories designated as FVTPL and held for trading. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

b) Financial Instruments

i) *Classification of Financial Instruments*

The Funds initially recognize financial instruments at fair value, plus transaction costs in the case of financial instruments measured at amortized cost. Ongoing purchases and sales of financial assets are recognized at their trade date.

The Funds classify their investments (equity securities, investment funds and bonds), short-term investments, and derivative financial instruments at fair value through profit or loss.

The Funds' accounting policies for measuring the fair value of their investments and derivative financial instruments are identical to those used in measuring their net asset value (NAV) for transactions with unitholders.

The Funds' obligation for net assets attributable to holders of redeemable units which are classified as an "other financial liability", is presented at the redemption amount, which approximates fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, the financial assets and liabilities reflect the amount required to be received or paid, discounted when appropriate, at the contract's effective rates.

As at March 31, 2019 and 2018, there were no differences between the Funds' net asset value per unit for transactions and their net assets attributable to holders of redeemable units per unit in accordance with IFRS.

ii) *Fair Value Measurements*

Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In circumstances where the last traded price for equities and the mid price for bonds 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, and in cases where the last traded price has a traded volume lower than 100, the mid price is used.

iii) *Impairment of Financial Assets*

At each reporting period, the Funds assess whether the credit risk of a financial asset classified at amortized cost has increased significantly since the initial recognition and whether an expected credit loss needs to be recognized. To assess this, the funds compare the impairment risk of the financial instrument on the reporting date with the impairment risk on the initial recognition date. Considering the short-term nature of financial instruments at amortized cost, the Funds apply the simplified method to recognize expected credit losses. The amount recognized as expected credit loss corresponds to the expected shortfall in discounted cash flows over the lifetime of the financial instrument.

Prior to adoption of IFRS 9, the Funds assessed whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Funds recognized an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows. Impairment losses on financial assets at amortized costs were reversed in subsequent periods if the amount of the loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized.

iv) *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or the Funds have substantially transferred all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

c) Short Term Investments

Short term investments consist of banker's acceptances, Treasury bills and bank guaranteed asset-backed commercial paper with maturities of less than one year at the acquisition date.

d) Cash

Cash is comprised of deposits with financial institutions.

e) Income Recognition

Dividend income is recorded on the ex-dividend date. Distributions from investment funds and income from income trusts are recognized on the distribution date. The latter income may include dividends, interest, capital gains and return of capital. The proceeds of distributions may be used to purchase additional units of the reference funds.

Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the fund accounted for on an accrual basis.

Realized gains or losses and unrealized appreciation and depreciation on investments are calculated on an average cost basis, without giving effect to transaction costs.

f) Other Financial Assets and Liabilities

All financial assets and liabilities of each Fund, other than investments, derivative financial instruments and each Fund's obligation for net assets attributable to holders of redeemable units, are carried at amortized cost which approximates fair value due to their short term nature. Each Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount which approximates fair value.

g) Foreign Currency Translation

The fair value of portfolio investments denominated in foreign currency, foreign currency holdings and other assets and liabilities are translated into the functional currency at the exchange rate applicable on the measurement date. Investment transactions, income and expenses are translated at the exchange rates on the dates of such transactions.

Foreign exchange gains and losses relating to cash are presented as "Foreign exchange unrealized gain (loss) on cash", and those relating to other financial assets and liabilities as well as realized and unrealized foreign currency gains or losses on investments or derivative financial instruments are presented within "Total other changes in fair value of investments and derivative financial instruments", in the Statements of Comprehensive Income.

h) Foreign currency contracts

Foreign currency contracts, if purchased or sold, are valued at the current market value thereof on the valuation date. The value of these currency contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. It is reported in the Statement of Comprehensive Income and in the Statements of Financial Position. For spot contracts and when currency contracts are closed out or expire, realized gains or losses are recognized and are included in the Statements of Comprehensive Income. The Canadian dollar value of currency contracts is determined using currency contracts exchange rates supplied by an independent service provider.

The Fund may enter into currency contracts primarily with the intention to offset or reduce exchange rate risks associated with the investments and also, periodically, to enhance returns to the portfolio. Losses may arise due to a change in the value of the currency contracts or if the counterparty fails to perform under the contract.

i) Expenses

All expenses are recognized in the Statements of Comprehensive Income on the accrual basis.

j) Net Assets Attributable to Holders of Redeemable Units

Units of the Funds are issued and redeemed at their NAV per Unit. The NAV per unit is determined at the end of each day the Toronto Stock Exchange is open for trading. The NAV of a particular series of Units of a Fund is computed by calculating the value of that series' proportionate share of the assets and liabilities of the Funds common to all series, less the liabilities of the Funds attributable only to that series. Income, non-series specific expenses, realized and unrealized gains (losses) of investments, and foreign currency and transaction costs are allocated proportionately to each series based upon the relative NAV of each series. Expenses directly attributable to a series are charged directly to that series.

Redeemable units can be redeemed at any time for cash equal to a proportionate share of the Fund's net asset value to the unit series. The redeemable units are classified as financial liabilities and are measured at the redemption amounts.

The increase (decrease) in net assets attributable to holders of redeemable units per unit reported in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series for the period, divided by the weighted average number of units of the series outstanding during the period.

Distributions to holders of redeemable units are recognized in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

k) Investments in Subsidiaries, Joint Ventures and Associates

In determining whether the Funds are an investment entity, the Manager may be required to make significant judgements about whether the Funds have the typical characteristics of an investment entity. An investment entity is an entity that may hold only one investment, an underlying fund, however, consistent with the investment entity definition, the Funds primarily obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

The Funds have determined that they meet the definition of an investment entity and are required to account for investments in associates, joint ventures and subsidiaries at fair value through profit and loss.

Subsidiaries are all entities, including investments in other investment entities, over which a Fund has control. A Fund is deemed to control an entity when it has rights to or is entitled to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The Funds are investment entities and therefore account for investments in subsidiaries, if any, at fair value through profit and loss. The Funds also designate any investments in associates and joint ventures at fair value through profit and loss.

l) Transaction Costs

The transaction costs related to investments are expensed as incurred in the Statements of Comprehensive Income in the item line "Transaction costs''. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of an investment, including fees and commissions paid to agents, advisors, brokers and dealers.

4. New Accounting Policies Applied

IFRS 9, *Financial Instruments* (“IFRS 9”) was issued by the IASB on July 24, 2014 and has replaced IAS 39 *Financial instruments: Recognition and Measurement.* IFRS 9 requires financial instrument classification and related measurement practices to be based primarily on an entity’s business model objectives when managing those financial assets and on the extent to which contractual cash flows exist within the financial assets. The standard also introduces a new expected loss impairment model which applies to all financial instruments, except for financial instruments measured at fair value through profit or loss. The Fund has applied this new standard on April 1, 2018. The adoption of IFRS 9 had no material impact on the Fund's financial statements.

5. Management of Financial Risks

a) Methods and Assumptions Used to Estimate Fair Values of Financial Instruments

Disclosures regarding financial instruments must be presented as a hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobserved inputs when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

Level 1 - Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities.

Level 2 - Valuation model based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Valuation model based on significant unobservable inputs that are supported by little or no market activity.

All fair value measurements in the Funds are recurring. The financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Invested assets are accounted for using the methods described below and the hierarchy of financial instruments at fair value is disclosed in the Discussion of Financial Instrument Risk Management section of each Fund.

i) *Equities*

Each equity listed is valued at the close price reported on the principal securities exchange on which the issue is traded or, if no active market exists, the fair value is estimated using equity valuation methods, which analyze the fair value of the net asset, and other techniques that rely on comparisons with reference data, such as market indices. 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.

ii) *Investments in Reference funds*

Investments in reference funds are valued at fair value which generally corresponds to the NAV of the reference fund at the valuation date.

iii) *Bonds*

Fixed-income investments, which include primarily government and corporate bonds, are valued on mid prices using independent pricing services, or by dealers who trade such securities. Pricing services consider yield or price of fixed-income securities of comparable quality, coupon, maturity and type as well as dealer supplied prices.

The par value and cost base of real return bonds are adjusted daily by the inflation adjustment. Interest is accrued on each valuation date based on the inflation adjusted to par at that time. The daily change in the inflation adjusted to par is recognized as income. At maturity, the bonds will pay their final coupon interest payment, plus the cumulative inflation compensation accrued from the original issue date.

Zero coupon bonds, residue bonds and some municipal bonds are valued using a matrix of yield curves. The yield curves are constructed using a benchmark and a spread. The benchmark is set to be a regular Canadian Government bond (or Québec bond for the municipal bond curves) with the same maturity. If the maturity of the benchmark is not the same as the bond to be valued, a linear interpolation is used. A price is calculated using the bond's yield and characteristics.

No efficient market has been developed for certain bonds. The Manager estimates the fair value of these investments according to a valuation model that it believes is appropriate under the circumstances. The valuation is modelled on an individual basis according to the category of reference assets, including traditional or synthetic assets.

iv) *Valuation of Unlisted Securities and Other Investments*

When the valuation principles of the aforementioned investments are not appropriate, fair value is determined according to the Manager's best estimates, based on established valuation procedures. These procedures cover, among others, securities no longer traded, securities issued by private corporations and illiquid securities. The fair value of these securities established for the purpose of calculating the Funds' net assets attributable to holders of redeemable units may differ from the securities' most recent bid or ask price.

Equity investments consist of common shares, purchase warrants and preferred shares. The equity investments are valued based on the last round of financing, third party valuations, financial statements and liquidity discounts.Fixed income investments are valued at fair value based on operating results and financial condition of the company. The manager will assess the ability of the company to meet financial covenants, including the ability to make interest and principal payments, the need for further financing and the ability to cover the amount of the Fund's investment with the assets of the investee company. In addition to the range of valuation methods employed, a significant number of key assumptions used in the valuation of individual investments are specific to the investee company.

v) *Short-term Investments*

Short-term investments are accounted for at the mid rate using valuations based on a matrix system which considers such factors as security prices, yields and maturities of similar benchmarks.

For items 5i to 5v, the difference, if any, between the total fair value and the total cost of securities corresponds to Investments: Net change in unrealized appreciation (depreciation).

vi) *Cash*

Cash and Bank overdraft are accounted for at amortized cost.

vii) *Derivative Financial Instruments*

The fair value of currency contracts is based on a matrix of market forward quotes. The forward quotes are calculated with a linear interpolation. If the matrix is not available, current market quotes for the reference currencies are used.

Options, futures and swaps are marked-to-market on each valuation day according to the gain or loss that would be realized if the contracts were settled.

The difference between the fair value and cost of securities corresponds to Derivative financial instruments: Net change in unrealized appreciation (depreciation).

viii) *Other information*

If an investment security cannot be valued under the above criteria, or under any valuation criteria set out in securities legislation, or if any of the valuation criteria adopted by the Manager but not set out in securities legislation, are at any time considered by the Manager to be inappropriate in the circumstances, then the Manager shall use a valuation that it considers to be fair in the circumstances.

b) Financial Risks

A Fund's investment activities expose it to a variety of financial risks which may include: credit risk, concentration risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). The value of investments within a Fund's portfolio can fluctuate from day to day, reflecting changes in interest rates, economic conditions, market and company news related to specific securities within the Funds. The Schedule of Investment Portfolio presents securities by asset type, geographic region, and market segment. The level of risk depends on the Fund's investment objectives and strategy.

The Manager manages the potential adverse effects of financial risks on a Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitors the Fund's positions and market events and diversifies the investment portfolios, within the constraints of the investment guidelines.

A Fund's overall risk management practice involves oversight of investment activities and monitoring and testing of compliance with the Fund's investment strategy and securities regulations.

Reference Fund Units

Some Funds can invest in units of other investment funds ("reference funds") whose investment policies permit investments in vehicles such as bonds, stocks or other fund units. Certain risk disclosure in the Discussion of Financial Instrument Risk Management section look through to the reference funds' information, if applicable. The manager of each reference fund is responsible for ensuring investments comply with the fund's investment policy. These investments are presented in the Schedule of Investment Portfolio.

i) *Credit Risk*

Credit risk is the risk that a Fund will sustain a financial loss if a counterparty or a debtor does not meet its commitments to the Fund. The maximum credit risk associated with financial instruments corresponds to the carrying value of the financial instruments presented in the Statements of Financial Position.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector of activity or the same geographic region, or when a substantial investment is made with a single entity. Credit Risk is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

The Fund's investment strategies aim to limit this risk by ensuring sound diversification, by limiting exposure to a same issuer and by seeking a relatively high quality of issuers. The Funds invest in financial assets, which generally have an investment grade as rated by a well known rating agency. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and represents the maximum credit risk exposure of the Fund.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

ii) *Concentration Risk*

Concentration risk arises as a result of the concentration of exposures within the same category, whether due to geographical location, product type, industry sector or counterparty type and are affected similarly by changes in economic or other conditions. The Fund’s investment strategies aim to limit this risk by ensuring sound diversification.

iii) *Liquidity Risk*

Liquidity risk is the risk that a Fund will encounter difficulty to respect its financial obligations at the appropriate time and under reasonable conditions. The Funds' exposure to liquidity risk is concentrated in the daily cash redemption of units. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed of. In addition, the Funds retain sufficient cash and short-term investments to maintain liquidity for the purpose of funding redemptions. Each Fund also has the ability to borrow up to 5% of its Net Asset Value for the purpose of funding redemptions.

Redeemable units are redeemable on demand at the holder’s option. However, the Manager does not expect that the contractual maturity disclosed in the Discussion of Financial Instrument Risk Management’s section of each Fund will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

iv) *Market Risk*

a) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments. The Funds are exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash or short-term investments since they are invested at short-term market interest rates and usually held to maturity. Interest Rate Risk is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

The Fund’s investment strategies aim to limit this risk by ensuring sound diversification, by limiting exposure to a same issuer and by seeking a relatively high quality of issuers.

b) Currency Risk

Some Funds may invest in monetary and non-monetary assets denominated in currencies other than Canadian dollar. These investments result in currency risk, which is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in foreign exchange rates. The Funds may enter into foreign exchange forward contracts to reduce their foreign currency exposure. The sensitivity analysis is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

c) Price Risk

Price risk is the risk that the fair value or future cash flows 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 those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. All investments present a risk of loss of capital. The Fund’s portfolio advisor moderates this risk through a careful selection and diversification of securities and other financial instruments within the parameters of the Fund’s investment objectives and strategies. Except for derivative financial instruments, the maximum risk resulting from financial instruments is equivalent to their fair value. The Fund’s overall market positions are monitored on a daily basis by the Fund’s portfolio advisor.

Details of the Fund's price sensitivity is disclosed in the Discussion of Financial Instrument Risk Management’s section of each Fund.

Refer to the Discussion of Financial Instrument Risk Management for Funds specific risk disclosure.

c) Investments in Unconsolidated Structured Entities

Each Fund has determined that its investments in reference funds are investments in unconsolidated structured entities. Some Funds may invest in reference funds to achieve their investment objectives and apply various investment strategies to accomplish their objectives.

A Fund’s investments in reference funds are susceptible to market price risk arising from uncertainty about future values of those reference funds.

A Fund’s maximum exposure to loss from its interests in reference funds is equal to the total carrying value of its investments in reference funds.

d) Offsetting Financial Assets and Liabilities

Some Funds may invest in derivative financial instruments through an International Swaps and Derivatives Association’s (ISDA) Master Agreement. This agreement requires guarantees by the counterparty or by the Funds. The amount of assets to pledge is based on changes in fair value of financial instruments. The fair value is monitored daily. The assets pledged by the Funds as collateral can consist of, but are not limited to cash, Treasury bills and Government of Canada bonds. The Funds may receive assets as collateral from the counterparty. According to the conditions set forth in the Credit Support Annex to the ISDA, the Funds may be authorized to sell or re-pledge the assets they receive. In addition, under the ISDA, the Funds have the right to offset in the event of default, insolvency, bankruptcy or other early termination.

6. Open currency contracts

The following is a list of abbreviations used in the Currency Contracts table which can be found in the Supplemental Notes to Financial Statements - Fund Specific Information and is applicable for a Fund who engages in Currency Contracts:

AUD - Australian Dollar; ARS - Argentine Peso; BMD - Bermudian Dollar; BRL - Brazilian Real; CAD - Canadian Dollar; CHF - Swiss Franc; CLP - Chile Peso; COP - Columbian Peso; DKK - Danish Krone; EGP - Egyptian Pound; EUR - Euro; GBP - British Pound; HKD - Hong Kong Dollar; HUF - Hungarian Forint; IDR - Indonesian Rupiah; ILS - New Israeli Shekel; INR - Indian Rupee; JPY - Japanese Yen; KES - Kenya Shilling; KRW - South Korean Won; KZT - Kazakhstani Tenge; MXN - Mexico Peso; MYR - Malaysian Ringgit; NGN - Nigeria Naira; NOK - Norwegian Krone; NZD - New Zealand Dollar; PEN - Peruvian Sol; PHP - Philippine Peso; PLN - Polish Zloty; RUB - Russian Ruble; SEK - Swedish Krona; SGD - Singapore Dollar; THB - Thai Baht; TRY - Turkey Lira; TWD - New Taiwan Dollar; USD - United States Dollar; UYU - Uruguayan Peso; ZAR - South African Rand.

7. Related Party Transactions

a) Management Fees

Each series of the Funds, pays an annual management fee to the Manager which is calculated daily based on the daily NAV of each series and payable monthly in arrears plus applicable taxes, as disclosed in the Management Fees section of the Supplemental Notes to Financial Statements - Fund Specific Information.

The Manager may reduce the effective management fee payable by some unitholders, by causing the Funds to make management fee distributions to these unitholders so that the effective management fee will equal a target rate.

All expense payable amounts located in the Statements of Financial Position, if any, are composed of Management Fees and Fixed Administration Fees which are related party transactions.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Funds. Such waivers and absorptions can be terminated at any time, but can be expected to continue until such time as the Funds are of sufficient size to reasonably absorb all management fees and expenses incurred in their operation. Even where continued, the amount of waivers and absorptions can fluctuate from time to time.

b) Operating Expenses

Each Fund pays all of its operating expenses. Expenses include audit fees, trustee and custodial expenses, accounting and record keeping costs, legal expenses, permitted prospectus preparation and filing expenses, bank related fees and interest charges, unitholder reports and servicing costs, the Funds' proportionate share of expenses of the Funds' Internal Review Committee (IRC) and other day-to-day operating expenses. Each Fund also pays HST on most of its fees and expenses.

8. Redeemable Units

Each Fund's redeemable units are managed in accordance with its investment objectives. Each Fund seeks to achieve its investment objectives, while managing liquidity in order to meet redemptions. The Statements of Changes in Net Assets Attributable to Holders of Redeemable Units identifies the changes in the Fund's redeemable unit during the periods.

The authorized redeemable units of each series of the Trusts consists of an unlimited number of units without nominal or par value.

Units of a series of a Trust are redeemable at the option of the holder in accordance with the Declaration of Trust at the current NAV of that series.

Units of each Fund are deemed to be a financial liability because of each Fund's multiple series structure and each series has non-identical features. The Funds' outstanding units include a contractual obligation to distribute any net income and net realized capital gains annually (in cash at the request of the unitholder). Therefore the ongoing redemption feature is not the units' only contractual obligation. The Fund’s outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Investors in Series O units of the Trust do not pay sales commission upon purchase, nor redemption fees upon redemption.

9. Soft Dollar Commissions

In addition to paying for the cost of brokerage services in respect to security transactions, commissions paid to certain brokers may also cover research services provided to the investment manager. The value of the research services included in the commissions paid by the Funds to those brokers can be found in the Supplemental Notes to Financial Statements - Fund Specific Information.

10. Securities Lending

Certain Funds may enter into securities lending transactions. These transactions will be used in conjunction with other investment strategies in order to seek enhanced returns. The credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Funds in connection with these transactions is at least 105% of the fair value of loaned securities, except on loans for U.S. securities or global fixed-income securities, for which the applicable percentage will be 102%. This amount is deposited by the borrower with a lending agent until the underlying security has been returned to the Funds in order to provide for the risk of counterparty default or collateral deficiency. The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market values fluctuate. It is the Funds’ practice to obtain a guarantee from the lending agent against counterparty default, including collateral deficiency. Income from securities lending is disclosed separately in the Statements of Comprehensive Income.

11. Income Taxes

The Funds each qualify as a mutual fund trust, under the provisions of the Canadian Income Tax Act and, accordingly, are not subject to income tax on that portion of their net investment income, including net realized gains, that is distributed to Unitholders. Such distributed income is taxable in the hands of the Unitholders. Income tax on net realized capital gains is generally recoverable, as redemptions occur, by virtue of the refunding provisions contained in the Canadian Income Tax Act. No provision for income taxes has been recorded in the accompanying financial statements, as sufficient income and net realized capital gains have been distributed to the Unitholders.

As at the December 31, 2018 tax year end, the Funds, had capital and non-capital loss carry forwards for income tax purposes as disclosed in the Supplemental Notes to Financial Statements - Fund Specific Information. Non-capital losses expire as noted. Capital losses may be carried forward indefinitely to be applied against future capital gains.

Income from investments held by the Funds may be subject to withholding taxes in the jurisdictions other than those of the Funds as imposed by the country of origin. Withholding taxes, if any, are shown in a separate item in the Statements of Comprehensive Income.

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