PORTLAND
INVESTMENT COUNSEL®

Portland Focused Plus Fund

Interim Financial Statements

June 30, 2016

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FINANCIAL STATEMENTS

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared and approved by Portland Investment Counsel Inc., the manager and trustee (the Manager) of Portland Focused Plus Fund (the Fund). The Fund's Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of the Manager is responsible for reviewing and approving the financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. 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 Fund are described in Note 3 to these financial statements.

"Michael Lee-Chin"

Michael Lee-Chin,
Director,
Portland Investment Counsel Inc.
August 11, 2016

"Robert Almeida"

Robert Almeida,
Director,
Portland Investment Counsel Inc.
August 11, 2016

These financial statements have not been reviewed by an independant auditor.

Statement of Financial Position (unaudited)

as at		June 30, 2016
Assets		
Current Assets		
Cash and cash equivalents	$	899,928
Dividends receivable		14,244
Subscriptions receivable		1,201,787
Investments - pledged as collateral (note 5 and 11)		3,871,177
		5,987,136
Liabilities		
Current Liabilities		
Borrowing (note 11)		1,443,609
Management fees payable		2,629
Performance fees payable		11,652
Expenses payable		1,598
Organization expenses payable		1,429
		1,460,917
Non-current Liabilities		
Organization expenses payable		5,360
		1,466,277
Net Assets Attributable to Holders of Redeemable Units	$	4,520,859
Net Assets Attributable to Holders of Redeemable Units Per Series		
Series A		182,667
Series P		679,219
Series M		1,339,624
Series F		2,319,349
	$	4,520,859
Number of Redeemable Units Outstanding		
Series A		3,443
Series P		12,800
Series M		25,092
Series F		43,780
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A		53.05
Series P		53.06
Series M		53.39
Series F		52.98

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

"Michael Lee-Chin" *"James Cole"*

Director Director

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

Statement of Comprehensive Income (unaudited)

for the period ended June 30,	2016*
Income	
Net gains (losses) on investments	
Interest for distribution purposes	$ 921
Dividends	21,476
Change in unrealized appreciation (depreciation) of investments	176,474
	198,871
Other income	
Foreign exchange gain (loss) on cash and other net assets	12,609
Total income (net)	211,480
Expenses	
Management fees (note 8)	6,164
Performance fees (note 8)	17,669
Audit fees	2,620
Independent review committee fees	956
Organization expenses	7,147
Interest expense and bank charges	165
Withholding tax expense	154
Transaction costs	833
	35,708
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 175,772
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series	
Series A	4,929
Series P	39,219
Series M	42,587
Series F	89,037
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit	
Series A	4.37
Series P	3.06
Series M	3.33
Series F	3.30

* For the period from March 31, 2016 (commencement of operations) to June 30, 2016

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

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

for the period ended June 30,	2016*
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period	
Series A	$ -
Series P	-
Series M	-
Series F	-
	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	
Series A	4,929
Series P	39,219
Series M	42,587
Series F	89,037
	175,772
Redeemable Unit Transactions	
Proceeds from redeemable units issued	
Series A	177,738
Series P	640,000
Series M	1,297,037
Series F	2,230,312
Net Increase (Decrease) from Redeemable Unit Transactions	4,345,087
Net Assets Attributable to Holders of Redeemable Units at End of Period	
Series A	182,667
Series P	679,219
Series M	1,339,624
Series F	2,319,349
	$ 4,520,859

* For the period from March 31, 2016 (commencement of operations) to June 30, 2016

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

Statement of Cash Flows (unaudited)

for the period ended June 30,		2016*
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	175,772
Adjustments for:		
Foreign exchange (gain) loss on cash		(2,776)
Unrealized (appreciation) depreciation on investments and derivatives		(176,474)
Purchase of investments		(3,694,703)
(Increase) decrease in dividends receivable		(14,244)
Increase (decrease) in other payable and accrued liabilities		15,879
Increase (decrease) in organization expenses payable		6,789
Net Cash Generated (Used) by Operating Activities		(3,689,757)
Cash Flows from Financing Activities		
Increase (decrease) in borrowing		1,443,609
Proceeds from redeemable units issued		3,143,300
Net Cash Generated (Used) by Financing Activities		4,586,909
Net Increase (decrease) in cash and cash equivalents		897,152
Foreign exchange gain (loss) on cash		2,776
Cash and cash equivalents beginning of period		-
Cash and cash equivalents - end of period	$	899,928
Cash and cash equivalents comprise:		
Short-term investments	$	899,928
From operating activities:		
Dividends received, net of withholding tax	$	7,053
From financing activities:		
Interest paid	$	25

* For the period from March 31, 2016 (commencement of operations) to June 30, 2016

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

Schedule of Investment Portfolio (unaudited)

as at June 30, 2016

No. of Shares	Security Name		Cost		Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
EQUITIES						
Canada						
5,800	Bank of Nova Scotia	$	365,565	$	367,198	
16,500	Fortis Inc.		647,700		720,555	
9,600	National Bank of Canada		394,935		424,224	
12,200	Power Financial Corporation		389,532		361,730	
			1,797,732		1,873,707	41.4%
United States						
1,200	Berkshire Hathaway Inc. 'B'		224,637		224,474	
18,500	Citigroup Inc.		972,724		1,013,167	
4,200	ITC Holdings Corporation		228,170		254,054	
6,300	JPMorgan Chase & Co.		472,273		505,775	
			1,897,804		1,997,470	44.2%
	Total investments		3,695,536		3,871,177	85.6%
	Transaction costs		(833)		-	-
	Total investment portfolio	$	3,694,703		3,871,177	85.6%
	Other assets less liabilities				649,682	14.4%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$	4,520,859	100.0%

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

Notes to Financial Statements

1. ESTABLISHMENT OF THE FUND

Portland Focused Plus Fund (the Fund) is an open end unit trust established by Portland Investment Counsel Inc. (the Trustee and Manager) under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated December 13, 2013, as amended March 31, 2014, May 23, 2014, September 23, 2015, March 1, 2016 and May 2, 2016 (the Declaration of Trust). The Fund commenced operations on March 31, 2016. The Trustee is a corporation formed under the laws of Ontario. The Trustee has ultimate responsibility for the business and undertaking of the Fund in accordance with the terms of the Declaration of Trust. The Trustee has engaged the Manager to manage the Fund on a day-to-day basis, including management of the Fund's portfolio and distribution of the units of the Fund. The registered office of the Fund is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7.

The investment objective of the Fund is to achieve, over the long term, preservation of capital and a satisfactory return.

2. BASIS OF PRESENTATION

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

These financial statements were authorized for issue by the Board of Directors of the Manager on August 11, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Fund's investments are designated at fair value through profit or loss (FVTPL) at inception and are measured at FVTPL.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

All other financial assets and liabilities are classified as loans and receivables or other financial liabilities and are measured at amortized cost using the effective interest method, which approximates fair value given their short term nature. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2016.

Assets	Held for Trading ($)	Financial assets at FVTPL Designated at Inception ($)	Total ($)	Financial assets at amortized cost ($)	Total ($)
Cash and cash equivalents	-	-	-	899,928	899,928
Dividends receivable	-	-	-	14,244	14,244
Subscriptions receivable	-	-	-	1,201,787	1,201,787
Investments - pledged as collateral	-	3,871,177	3,871,177	-	3,871,177
Total	**-**	**3,871,177**	**3,871,177**	**2,115,959**	**5,987,136**

Liabilities	Held for Trading ($)	Financial liabilities at FVTPL Designated at Inception ($)	Total ($)	Financial liabilities at amortized cost ($)	Total ($)
Borrowing	-	-	-	1,443,609	1,443,609
Management fees payable	-	-	-	2,629	2,629
Performance fees payable	-	-	-	11,652	11,652
Expenses payable	-	-	-	1,598	1,598
Organizational expenses payable	-	-	-	6,789	6,789
Total	**-**	**-**	**-**	**1,466,277**	**1,466,277**

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the years ending June 30, 2016.

	Net gains (losses) ($)
Category	2016
Financial Assets at FVTPL:	
Held for trading	-
Designated at inception	198,846
Total	**198,846**
Financial Liabilities at FVTPL:	
Held for trading	-
Total	**198,846**

Financial assets and liabilities may be offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset 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 may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

The Fund using a borrowing facility for the purposes of making investments. Collateral in the form of cash and securities is required to secure the amount borrowed. Securities pledged as collateral are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of comprehensive income.

Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the cost to acquire the financial asset is included within "Net realized gain (loss) on investments" in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Gains and losses arising from change in fair value of the financial assets and liabilities at FVTPL are presented in the statement of comprehensive income within "Change in unrealized appreciation (depreciation) of investments" in the period in which they arise.

Fair value measurement

Fair value is 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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's closing bid-ask spread. 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. If there has been no trade, the mid price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Revenue recognition

"Interest for distribution purposes" shown on the statement of comprehensive income represents the coupon interest earned by the Fund on debt securities accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities other than zero coupon debt securities which are amortized on a straight line basis. Interest receivable is shown separately in the statement of financial position based on the debt instruments' stated rates of interest.

Dividends on equity investments are recognized as income on the ex-dividend date.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as "Foreign exchange gain (loss) on cash and other net assets" on the statement of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statement of comprehensive income within "Net realized gain (loss) on investments".

Unrealized exchange gains or losses on investments are included in "Change in unrealized appreciation (depreciation) on investments" in the statement of comprehensive income.

"Foreign exchange gain (loss) on cash and other net assets" arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Fund considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs and amortization of premiums and discounts on fixed income securities with the exception of zero coupon bonds. The cost of each investment is determined on an average basis by dividing the total cost of such investment by the number of shares purchased. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs.

Redeemable units

The Fund issued four series of redeemable units, which are redeemable at the holder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's net asset value (NAV) attributable to the unit series. Units are redeemable monthly.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units for each respective series. In accordance with the provisions of the Fund's offering memorandum, investment positions are valued based on the last traded market price for the purpose of determining the NAV per unit for subscriptions and redemptions.

Expenses

Expenses of the Fund including management fees, performance fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

Interest expense associated with borrowing is recorded on an accrual basis.

Organization expenses

Organization expenses include legal and registration fees associated with the formation of the Fund and are deductible over five years for tax purposes. For financial reporting purposes, these fees were expensed in their entirety in the first fiscal year of the Fund. Organization expenses are charged by and payable to the Manager. The Manager expects to invoice the entire amount of organization expenses within five years of the formation of the Fund.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit" in the statement of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that Series during the reporting period.

Distribution to the Unitholders

Distributions of sufficient net income and net realized gains will be made to Unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund on Series A, Series P, Series M and Series F Units will be automatically reinvested in additional units of the same Series of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each series based upon the relative NAV of each series.

Future accounting changes

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, it is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Fund has made in preparing these financial statements.

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

In classifying and measuring financial instruments under IAS 39, Financial Instruments - Recognition and Measurement, the Manager is required to make significant judgments about whether or not the investments of the Fund are considered held for trading or that the fair value option can be applied to those that are not. The Manager has concluded that the fair value option can be applied to the Fund's investments that are not considered held for trading. Such investments have been designated at FVTPL.

Functional and presentation currency

Unitholders of the Fund subscribe for and redeem units in Canadian dollars. The primary activity of the Fund is to invest in a portfolio of Canadian and non-Canadian securities. The performance of the Fund is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, concentration risk, interest rate risk and currency risk), liquidity risk, credit risk and leverage risk. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives per the Fund's offering memorandum. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the market prices of the Fund's investments strengthened or weakened by 5%, net assets would have increased or decreased by approximately $193,559. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The following tables present the Fund's exposure as a percentage of the total carrying value of the investments by geographic region and by industry sector as at June 30, 2016.

Sector	June 30, 2016 (%)
Financials	64.4
Utilities	21.5
Cash and Other Net Assets	14.1

Geographic Region	June 30, 2016 (%)
Canada	41.4
United States	44.2
Cash and Other Net Assets	14.4

Cash and Other Net Assets refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund, such as bonds and margin borrowings. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates. As at June 30, 2016, the Fund had exposure to interest rate risk due to its borrowings as described in Note 11. If interest rates had doubled during the period ended June 30, 2016, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by $25.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

During the period, the Fund made use of borrowings denominated in US dollars, which in effect mitigated the currency risk of the Fund being invested in US listed securities. The Manager may use either Canadian dollar or foreign currency denominated borrowings based on the interest cost differential and the Fund's currency exposure, including the revenue and income sensitivity of the underlying investments.

The table below indicates the foreign currencies to which the Fund had significant exposure at June 30, 2016 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

June 30, 2016

	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	(1,431,091)	1,997,470	566,379	(71,555)	99,874	28,319
Total	**(1,431,091)**	**1,997,470**	**566,379**	**(71,555)**	**99,874**	**28,319**
% of net assets attributable to holders of redeemable units	**-31.7%**	**44.2%**	**12.5%**	**-1.6%**	**2.2%**	**0.6%**

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial liabilities. The Fund is exposed to monthly cash redemptions and borrows on margin to make investments. As a result, the Fund invests all of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.

The table below presents the Fund's financial liabilities in relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2016	< 6 months ($)	> 6 months ($)	Total ($)
Borrowing	1,443,609	-	1,443,609
Management fee, performance fee and expenses payable	14,030	-	14,030
Organization expenses payable	632	5,376	6,008

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with 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. The Fund's cash balances are maintained at financial institutions with an A+ credit rating and therefore credit risk is minimal.

As at June 30, 2016, the Fund did not have significant exposure to credit risk.

Leverage risk

The Fund may generally borrow up to 70% of its total assets. The Fund was subject to leverage risk as at June 30, 2016. The Fund pledges securities as collateral and is able to borrow up to limits imposed by the broker it has pledged the collateral to. The amount of borrowing allowed by the broker depends on the nature of the securities pledged. The Fund pays interest on the amounts borrowed. Interest is accrued daily and paid monthly.

As at June 30, 2016, the amount borrowed was $1,443,609 representing 24% of the total assets of the Fund. Interest expense for the period ended June 30, 2016 was $25.

Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value.

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2016:

	Assets at fair value as at June 30, 2016 ($)			
	Level 1	Level 2	Level 3	Total
Equities - Long	3,871,177	-	-	3,871,177
Total	**3,871,177**	**-**	**-**	**3,871,177**

No financial instruments within the fair value hierarchy as at June 30, 2016 were classified as liabilities.

Fair value is 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, the instrument is 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.

6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series P, Series M and Series F, having such terms and conditions as the Manager may determine. Additional classes may be offered in future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Fund endeavors to invest capital in appropriate investments in conjunction with its investment objectives. The Fund maintains sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

Units of the Fund are available in multiple series as outlined below. The principal differences between the series of units relate to the management fee and performance fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. All units are entitled to participate in the Fund's liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units being redeemed, determined at the close of business on the day the redemption request is submitted.

Series A Units are available to all investors who meet eligibility requirements and who invest a minimum of $2,500.

Series P and Series M Units are available to all investors who meet eligibility requirements and who invest a minimum of $500,000.

Series F Units are available to investors who meet eligibility requirements and who invest a minimum of $2,500, who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with the Manager, investors for whom the Fund does not incur distribution costs, or individual investors approved by the Manager.

The number of units issued and outstanding for the period ended June 30, 2016 was as follows:

	Balance, Beginning of Period	Units Issued	Units Reinvested	Units Redeemed	Balance, End of Period	Average Number of Units
Series A	-	3,443	-	-	3,443	1,127
Series P	-	12,800	-	-	12,800	12,800
Series M	-	25,092	-	-	25,092	12,800
Series F	-	43,780	-	-	43,780	26,948

7. TAXATION

The Fund intends to qualify as a mutual fund trust within the meaning of the Income Tax Act (Canada). Mutual fund trusts are subject to tax on any income, including net realized capital gains, which is not paid or payable to their unitholders. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

Since the Fund is new, there were no capital losses or non-capital losses to carry forward.

8. MANAGEMENT FEES, PERFORMANCE FEES AND EXPENSES

The Fund's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a Valuation Date) or on such other date as determined by the Manager (an Additional Pricing Date). Pursuant to its offering memorandum, the Fund pays management fees to the Manager, calculated and accrued on each Valuation Date and paid monthly.

The annual management fees rate of the respective series of units are as follows:

Series A Units	2.00%
Series P Units	nil
Series M Units	1.00%
Series F Units	1.00%

The Manager is entitled to receive a performance fee to be calculated and accrued on each Valuation Date and Additional Pricing Date for Series A, Series P and Series F Units and paid monthly. The performance fee is equal to (a) 10% of the amount by which the NAV per unit of the series on the Valuation Date or Additional Pricing Date (including the effect of any declared distributions on said Valuation Date or Additional Pricing Date and adjusted to exclude the accrual of the performance fee) exceeds the High Water Mark, multiplied by (b) the number of units of that series outstanding on such Valuation Date or Additional Pricing Date, prior to giving effect to subscriptions, redemptions and distributions re-invested on such date.

All performance fees payable by the Fund to the Manager are subject to HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

For each series of units, a high water mark (High Water Mark) will be calculated for use in the determination of the performance fee. The highest NAV per unit (minus the effect of any declared distributions since the Valuation Date or Additional Pricing Date at which the last Performance Fee became payable) for each series of units, upon which a performance fee was paid, establishes a High Water Mark for each series of units which must be exceeded subsequently for the performance fee applicable to each series of units to be payable. At inception of each series of units to which a performance fee may be applicable the High Water Mark will be the initial NAV per unit of the series of units.

In addition, the Manager will be reimbursed for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the Independent Review Committee, bank charges, the cost of financial reporting, and all related sales taxes. HST paid by the Fund on its expenses is not recoverable. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a mark up or administration fee. The Manager may absorb fund operating expenses at its discretion but is under no obligation to do so.

9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. The ascertainable value of the third party soft dollar arrangements in connection with portfolio transactions for the period ended June 30, 2016 was $nil.

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, performance fees and operating expense reimbursements that were paid to the Manager by the Fund during the period ended June 30, 2016. The table includes the amount of operating expense reimbursement that was paid to affiliates of the Manager for administrative services provided in managing the day-to-day operation of the Fund. All of the dollar amounts in the table below exclude applicable HST.

Period ended	Management Fees ($)	Performance Fees ($)	Operating and Organizational Expense Reimbursement ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
June 30, 2016	5,454	15,636	3,482	464

The Fund owed the following amounts to the Manager as at June 30, 2016, excluding the applicable HST:

As at	Management Fees ($)	Performance Fees ($)	Operating Expense Reimbursement ($)	Organizational Expenses ($)
June 30, 2016	2,327	10,311	1,392	6,008

The Manager, its officers and directors (Related Parties) may invest in units of the Fund from time to time in the normal course of business. All such transactions are measured at NAV per unit. As at June 30, 2016, four Related Parties owned 57% of the net assets of the Fund.

11. BORROWING FACILITY

The Fund has a Settlement Services Agreement with a Canadian dealer for margin borrowing. The rate of interest payable on borrowed money in Canadian dollars is the Canadian Dealer Offered Rate plus 0.50% and in US dollars is the LIBOR plus 0.50% and the facility is repayable on demand. The Fund has placed securities on account with the dealer as collateral for borrowing.

Such non-cash collateral has been classified within the statement of financial position from other assets and is identified as "Investments - pledged as collateral".

As at June 30, 2016, the Fund had borrowings in the amount of $1,443,609.

The Fund borrowed a minimum of $nil and a maximum of $2,059,945 under the agreement during the period ended June 30, 2016.

12. RECONCILIATION OF NAV PER UNIT AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

Except for Series A, the NAV per unit is higher than the net assets attributable to holders of redeemable units per unit because of the difference in the treatment of organization expenses. Such expenses were recorded in full in the financial statements for the period ended June 30, 2016 but are deducted from NAV on a monthly basis over a five year period for purposes of unitholder transactions. Therefore, the NAV per unit is higher than net assets attributable to holders of redeemable units per unit. The NAV per unit of Series A was lower than net assets attributable to holders of redeemable units per unit because a purchase of Series A units made in May 2016 was reversed in June 2016 at a higher NAV per unit causing a gain to the Fund. The June 2016 reversal was correctly reflected in these financial statements but was not reflected in NAV per unit until July 2016.

The following table provides a comparison of NAV per unit and net assets attributable to holders of redeemable units as at June 30, 2016.

Series	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series A	52.92	53.05
Series P	53.19	53.06
Series M	53.45	53.39
Series F	53.07	52.98

Statement of Corporate Governance Practices

Canadian securities law requires certain reporting issuers to publish specific disclosure concerning their corporate governance practices. Even though the Fund is not a reporting issuer, the Manager has established an Independent Review Committee consisting of three members appointed to provide independent advice to assist the Manager in performing its services and to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Fund.

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