



Interim Financial Statements

Lincluden Balanced Fund

Unaudited

For the periods ended June 30, 2016 and 2015

Notice to Investors

The following semi-annual financial statements have not been reviewed by the independent external auditors of the Fund, KPMG LLP.

Statements of Financial Position

| As at | June 30, 2016 | December 31, 2015 |
|---------------------------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Non-derivative financial assets [note 8] | 90,063,093 | 46,500,306 |
| Cash | 172,520 | 302,450 |
| Subscriptions receivable | 200 | 19,500 |
| Interest receivable | 165,683 | 90,656 |
| Dividends receivable | 194,426 | 90,155 |
| Total assets | 90,595,922 | 47,003,067 |
| LIABILITIES | | |
| Redemptions payable | 35,292 | 115,548 |
| Accrued management fees | 1,884 | 2,123 |
| Other accrued expenses | 4,286 | 4,429 |
| Total liabilities | 41,462 | 122,100 |
| Net assets attributable to holders of redeemable units | 90,554,460 | 46,880,967 |
| Net assets attributable to holders of redeemable units per class | | |
| Series A | 1,152,564 | 1,264,097 |
| Series O | 89,401,896 | 45,616,870 |
| Units outstanding by Series [note 5] | | |
| Series A | 77,620 | 86,144 |
| Series O | 5,716,713 | 2,954,688 |
| Net assets attributable to holders of redeemable units per unit [note 3] | | |
| Series A | \$ 14.85 | \$ 14.67 |
| Series O | \$ 15.64 | \$ 15.44 |

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

On behalf of the Fund Manager,
Lincluden Management Limited, as Trustee:



C. Lynn Eplett
Vice President



Phil Evans
President & C.E.O.

Statements of Comprehensive Income

| For the periods ended June 30 | 2016 | 2015 |
|-------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| INCOME | | |
| Interest income for distribution purposes | 398,305 | 241,493 |
| Dividend income | 847,563 | 406,148 |
| Other income | 24 | 2,105 |
| Other changes in fair value of investments and derivatives | | |
| Net realized gain (loss) on investments | 357,107 | 968,032 |
| Net realized gain (loss) on derivatives | 1,436 | - |
| Net foreign exchange gain (loss) on cash | 4,201 | 30,004 |
| Net other gain (loss) | (54,673) | 1,512 |
| Change in unrealized on foreign exchange gain (loss) on cash | 42 | 3,137 |
| Change in unrealized appreciation (depreciation) of investments and derivatives | 1,200,216 | (204,168) |
| | 2,754,221 | 1,448,263 |
| EXPENSES [note 6] | | |
| Management fees | 9,121 | 11,274 |
| Audit fees | 11,766 | 10,000 |
| Custodian fees | 29,982 | 8,043 |
| Independent review committee fees | 17,500 | 17,500 |
| Recordkeeping and Accounting | 51,849 | 45,107 |
| Transaction costs | 34,076 | 5,633 |
| Withholding taxes | 49,540 | 35,816 |
| Operating Fees | 22,556 | 20,964 |
| Harmonized sales tax | 14,650 | 10,932 |
| | 241,040 | 165,269 |
| Expenses waived or absorbed by manager [note 6] | (119,776) | (85,222) |
| | 121,264 | 80,047 |
| Increase in net assets attributable to holders of redeemable units | 2,632,957 | 1,368,216 |
| Increase in net assets attributable to holders of redeemable units per class | | |
| Series A | 16,003 | 27,566 |
| Series O | 2,616,954 | 1,340,650 |
| Increase in net assets attributable to holders of redeemable units per unit | | |
| Series A | \$ 0.20 | \$ 0.31 |
| Series O | \$ 0.53 | \$ 0.51 |

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

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

For the periods ended June 30

| Series A | 2016 \$ | 2015 \$ |
|------------------------------------------------------------------------------------------|----------------------|---------------|
| Net assets attributable to holders of redeemable units at beginning of period | 1,264,097 | 1,223,279 |
| Increase in net assets attributable to holders of redeemable units | \$ 16,003 | \$ 27,566 |
| Distributions paid or payable to holders of redeemable units | | |
| From net investment income | (4,564) | (6,316) |
| Total distributions to holders of redeemable units | (4,564) | (6,316) |
| Redeemable unit transactions [note 5] | | |
| Amount received from the issuance of units | - | 141,997 |
| Amount received from reinvestment of distributions | 4,564 | 6,316 |
| Amount paid on redemptions of units | (127,536) | (151,473) |
| Net increase (decrease) from redeemable unit transactions | (122,972) | (3,160) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (111,533) | 18,090 |
| Net assets attributable to holders of redeemable units at end of period | \$ 1,152,564 | \$ 1,241,369 |
| | | |
| Series O | 2016 \$ | 2015 \$ |
| Net assets attributable to holders of redeemable units at beginning of period | 45,616,870 | 41,232,722 |
| Increase in net assets attributable to holders of redeemable units | \$ 2,616,954 | \$ 1,340,650 |
| Distributions paid or payable to holders of redeemable units | | |
| From net investment income | (1,059,903) | (617,206) |
| Total distributions to holders of redeemable units | (1,059,903) | (617,206) |
| Redeemable unit transactions [note 5] | | |
| Amount received from the issuance of units | 45,034,093 | 1,441,413 |
| Amount received from reinvestment of distributions | 1,059,903 | 617,206 |
| Amount paid on redemptions of units | (3,866,021) | (2,246,295) |
| Net increase (decrease) from redeemable unit transactions | 42,227,975 | (187,676) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 43,785,026 | 535,768 |
| Net assets attributable to holders of redeemable units at end of period | \$ 89,401,896 | \$ 41,768,490 |

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

Lincluden Balanced Fund

Statements of Cash Flows

For the periods ended June 30

| | 2016 | 2015 |
|-------------------------------------------------------------------------------------|---------------------|------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 2,632,957 | 1,368,216 |
| Adjustments for: | | |
| Change in unrealized on foreign exchange gain (loss) on cash | (42) | (3,137) |
| Net realized (gain) loss on sale of investments | (357,107) | (968,032) |
| Net change in unrealized (appreciation) depreciation of investments and derivatives | (1,200,216) | 204,168 |
| Purchase of investments | (63,647,160) | (14,397,557) |
| Proceeds from the sale and maturity of investments | 21,641,696 | 14,509,061 |
| Interest receivable | (75,027) | 14,093 |
| Dividends receivable | (104,271) | (6,019) |
| Other liabilities | (382) | (100) |
| | (41,109,552) | 720,693 |
| Financing activities | | |
| Amount received from the issuance of units | 45,053,393 | 1,804,350 |
| Amount paid on redemptions of units | (4,073,813) | (2,433,205) |
| Distributions paid to unitholders | - | (3,441) |
| | 40,979,580 | (632,296) |
| Change in unrealized on foreign exchange gain (loss) on cash | 42 | 3,137 |
| Increase (decrease) in cash during the period | (129,972) | 88,397 |
| Cash at beginning of period | 302,450 | 286,351 |
| Cash at end of period | 172,520 | 377,885 |
| Interest received | 323,278 | 255,586 |
| Dividends received, net of withholding taxes | 693,752 | 364,313 |

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

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|---------------------------------------|--------------------------------|-----------------|------------------|
| COMMON SHARES — 59.80% | | | |
| CANADIAN EQUITIES — 29.10% | | | |
| Capital Goods — 1.10% | | | |
| ATS Automation Tooling Systems Inc. | 2,640 | 25,157 | 25,661 |
| CAE Inc. | 20,955 | 253,644 | 327,108 |
| Exco Technologies Ltd. | 1,355 | 18,376 | 16,531 |
| Finning International Inc. | 10,545 | 221,276 | 221,867 |
| Superior Plus Corp. | 40,610 | 422,095 | 432,903 |
| WSP Global Inc. | 325 | 11,326 | 12,844 |
| | | 951,874 | 1,036,914 |
| Consumer Discretionary — 1.20% | | | |
| AutoCanada Inc. | 2,390 | 58,476 | 52,938 |
| Corus Entertainment Inc., Class 'B' | 2,125 | 27,378 | 28,305 |
| Magna International Inc., Class 'A' | 10,995 | 395,947 | 498,623 |
| Martinrea International Inc. | 5,370 | 46,661 | 42,960 |
| Shaw Communications Inc., Class 'B' | 16,420 | 361,263 | 407,216 |
| Torstar Corp., Class 'B' | 8,940 | 30,451 | 14,662 |
| Uni-Select Inc. | 1,165 | 24,810 | 38,165 |
| | | 944,986 | 1,082,869 |
| Consumer Staples — 1.30% | | | |
| AGT Food and Ingredients Inc. | 1,050 | 24,902 | 37,264 |
| Metro Inc., Class 'A' | 18,530 | 591,839 | 834,035 |
| North West Co. Inc. (The) | 10,730 | 284,177 | 316,106 |
| | | 900,918 | 1,187,405 |
| Energy — 5.40% | | | |
| Birchcliff Energy Ltd. | 5,645 | 30,292 | 38,838 |
| Bonavista Energy Corp. | 11,185 | 22,228 | 36,910 |
| Canadian Natural Resources Ltd. | 27,930 | 830,295 | 1,113,290 |
| Cenovus Energy Inc. | 58,155 | 1,165,871 | 1,039,230 |
| Crew Energy Inc. | 6,330 | 28,585 | 36,777 |
| Enerflex Ltd. | 2,070 | 24,718 | 22,108 |
| Ensign Energy Services Inc. | 27,605 | 245,064 | 200,136 |
| HNZ Group Inc. | 2,270 | 30,505 | 29,510 |
| Husky Energy Inc. | 87,209 | 1,415,887 | 1,375,286 |
| Nuvista Energy Ltd. | 4,520 | 18,675 | 28,250 |
| Spartan Energy Corp. | 8,805 | 22,133 | 29,849 |
| Suncor Energy Inc. | 25,110 | 829,342 | 899,942 |
| Surge Energy Inc. | 13,995 | 32,732 | 35,687 |
| TORC Oil & Gas Ltd. | 4,090 | 23,613 | 33,538 |
| | | 4,719,940 | 4,919,351 |
| Financial Services — 12.70% | | | |
| AGF Management Ltd., Class 'B' | 2,980 | 19,939 | 14,900 |
| Bank of Montreal | 7,900 | 530,074 | 647,405 |
| Bank of Nova Scotia | 29,585 | 1,630,252 | 1,873,026 |
| Canaccord Genuity Group Inc. | 6,335 | 33,620 | 31,168 |
| Canadian Imperial Bank of Commerce | 10,695 | 944,829 | 1,037,843 |
| CI Financial Corp. | 10,610 | 303,075 | 285,940 |
| Dream Industrial REIT | 3,175 | 22,622 | 27,718 |
| GMP Capital Inc. | 1,560 | 7,641 | 8,206 |
| Great-West Lifeco Inc. | 10,795 | 314,438 | 367,894 |
| Home Capital Group Inc. | 39,860 | 1,274,386 | 1,276,317 |
| Intact Financial Corp. | 7,235 | 621,321 | 667,718 |
| Laurentian Bank of Canada | 695 | 32,528 | 33,527 |
| Manulife Financial Corp. | 48,075 | 865,902 | 849,485 |
| Royal Bank of Canada | 25,215 | 1,625,930 | 1,924,913 |

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|--------------------------------------------|--------------------------------|-----------------|------------------|
| Sun Life Financial Inc. | 10,025 | 313,196 | 425,461 |
| Toronto-Dominion Bank (The) | 34,600 | 1,558,350 | 1,919,608 |
| | | 10,098,103 | 11,391,129 |
| Information Technology — 1.80% | | | |
| Celestica Inc. | 2,840 | 37,276 | 34,137 |
| CGI Group Inc., Class 'A' | 17,565 | 831,126 | 969,412 |
| Constellation Software Inc. | 1,065 | 421,027 | 532,511 |
| EXFO Inc. | 5,810 | 25,890 | 25,971 |
| Sandvine Corp. | 13,830 | 41,224 | 36,788 |
| Sierra Wireless Inc. | 830 | 13,011 | 18,169 |
| Wi-LAN Inc. | 11,005 | 27,884 | 36,096 |
| | | 1,397,438 | 1,653,084 |
| Materials — 2.10% | | | |
| Barrick Gold Corp. | 20,728 | 488,276 | 571,678 |
| Canexus Corp. | 22,225 | 28,277 | 28,226 |
| Capstone Mining Corp. | 41,900 | 24,220 | 35,615 |
| Cascades Inc. | 3,085 | 21,972 | 28,228 |
| Copper Mountain Mining Corp. | 34,410 | 27,984 | 16,861 |
| Detour Gold Corp. | 1,145 | 12,189 | 37,006 |
| Hudbay Minerals Inc. | 5,440 | 26,686 | 33,565 |
| Kirkland Lake Gold Inc. | 3,070 | 16,699 | 32,665 |
| Major Drilling Group International Inc. | 4,705 | 32,190 | 36,793 |
| New Gold Inc. | 8,110 | 31,004 | 45,822 |
| Potash Corp. of Saskatchewan Inc. | 20,920 | 521,701 | 439,320 |
| Premier Gold Mines Ltd. | 11,290 | 25,503 | 43,241 |
| Primero Mining Corp. | 15,250 | 36,619 | 41,022 |
| Teck Resources Ltd., Class 'B' | 30,755 | 548,787 | 523,143 |
| | | 1,842,107 | 1,913,185 |
| Telecommunications Services — 2.20% | | | |
| BCE Inc. | 16,580 | 756,048 | 1,013,701 |
| Rogers Communications Inc., Class 'B' | 10,915 | 469,033 | 570,854 |
| TELUS Corp. | 9,765 | 394,122 | 406,224 |
| | | 1,619,203 | 1,990,779 |
| Transportation — 1.30% | | | |
| Canadian National Railway Co. | 14,510 | 1,093,088 | 1,106,968 |
| Chorus Aviation Inc. | 4,385 | 20,383 | 26,310 |
| Horizon North Logistics Inc. | 16,540 | 47,721 | 26,795 |
| Transat A.T. Inc. | 3,855 | 28,277 | 25,983 |
| | | 1,189,469 | 1,186,056 |
| Utilities — 0.00% | | | |
| Capital Power Corp. | 1,425 | 24,928 | 27,474 |
| | | 24,928 | 27,474 |
| TOTAL CANADIAN EQUITIES | | 23,688,966 | 26,388,246 |
| UNITED STATES EQUITIES — 17.70% | | | |
| Consumer Discretionary — 0.80% | | | |
| Bed Bath & Beyond Inc. | 8,715 | 554,099 | 487,589 |
| General Motors Co. | 7,108 | 233,818 | 260,397 |
| | | 787,917 | 747,986 |
| Consumer Staples — 2.50% | | | |
| Coca-Cola Co. (The) | 8,910 | 451,341 | 522,836 |
| Procter & Gamble Co. (The) | 5,426 | 468,241 | 594,718 |

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|--------------------------------------------|--------------------------------|-----------------|------------------|
| Walgreens Boots Alliance Inc. | 5,631 | 406,296 | 606,982 |
| Wal-Mart Stores Inc. | 5,738 | 436,450 | 542,381 |
| | | 1,762,328 | 2,266,917 |
| Energy — 2.10% | | | |
| Chevron Corp. | 5,850 | 706,160 | 793,859 |
| Devon Energy Corp. | 7,617 | 287,391 | 357,433 |
| Exxon Mobil Corp. | 6,274 | 614,236 | 761,328 |
| | | 1,607,787 | 1,912,620 |
| Financial Services — 4.20% | | | |
| American International Group Inc. | 7,430 | 437,731 | 508,703 |
| Bank of America Corp. | 16,248 | 284,894 | 279,108 |
| Brookfield Property Partners L.P. | 33,377 | 853,578 | 969,602 |
| Citigroup Inc. | 9,339 | 520,890 | 512,467 |
| JPMorgan Chase & Co. | 4,353 | 284,375 | 350,156 |
| MetLife Inc. | 6,792 | 350,179 | 350,195 |
| Morgan Stanley | 9,868 | 279,746 | 331,872 |
| Wells Fargo & Co. | 7,858 | 381,254 | 481,449 |
| | | 3,392,647 | 3,783,552 |
| Health Care — 2.20% | | | |
| Johnson & Johnson | 5,742 | 611,631 | 901,625 |
| Pfizer Inc. | 14,851 | 480,756 | 676,899 |
| Zimmer Biomet Holdings Inc. | 2,656 | 268,253 | 413,890 |
| | | 1,360,640 | 1,992,414 |
| Industrials — 2.00% | | | |
| Deere & Co. | 745 | 74,301 | 78,155 |
| Emerson Electric Co. | 7,330 | 430,643 | 494,930 |
| Honeywell International Inc. | 5,201 | 502,655 | 783,147 |
| Union Pacific Corp. | 4,480 | 479,766 | 505,994 |
| | | 1,487,365 | 1,862,226 |
| Information Technology — 2.90% | | | |
| Cisco Systems Inc. | 15,099 | 475,245 | 560,765 |
| Corning Inc. | 21,176 | 446,021 | 561,405 |
| Microsoft Corp. | 11,064 | 562,155 | 732,875 |
| Oracle Corp. | 12,453 | 491,491 | 659,808 |
| | | 1,974,912 | 2,514,853 |
| Telecommunications Services — 1.00% | | | |
| Verizon Communications Inc. | 12,633 | 671,355 | 913,175 |
| | | 671,355 | 913,175 |
| TOTAL UNITED STATES EQUITIES | | 13,044,951 | 15,993,743 |
| INTERNATIONAL EQUITIES — 13.00% | | | |
| France — 2.50% | | | |
| AXA, ADR | 11,735 | 333,669 | 305,642 |
| Orange SA, ADR | 20,943 | 426,170 | 445,158 |
| Sanofi SA, ADR | 8,247 | 418,273 | 446,780 |
| Total SA, ADR | 7,765 | 471,648 | 483,491 |
| Vinci SA | 6,295 | 472,256 | 575,550 |
| | | 2,122,016 | 2,256,621 |
| Germany — 2.10% | | | |
| Deutsche Boerse AG | 3,735 | 325,005 | 394,304 |
| Henkel AG & Co. KGaA | 3,721 | 333,125 | 517,447 |

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|-------------------------------------------------------------|--------------------------------|-----------------|------------------|
| SAP SE, ADR | 4,668 | 406,623 | 453,325 |
| Siemens AG, ADR | 4,233 | 523,449 | 562,154 |
| | | 1,588,202 | 1,927,230 |
| Hong Kong — 0.30% | | | |
| China Mobile Ltd., ADR | 4,145 | 284,884 | 310,674 |
| | | 284,884 | 310,674 |
| Israel — 0.40% | | | |
| Teva Pharmaceutical Industries Ltd., ADR | 4,991 | 300,437 | 324,528 |
| | | 300,437 | 324,528 |
| Japan — 1.20% | | | |
| Komatsu Ltd. | 11,835 | 273,671 | 262,629 |
| Nissan Motor Co. Ltd. | 36,795 | 428,181 | 423,553 |
| SECOM Co. Ltd. | 3,770 | 269,992 | 357,096 |
| | | 971,844 | 1,043,278 |
| Netherlands — 1.50% | | | |
| Akzo Nobel NV | 4,890 | 390,961 | 395,707 |
| ING Groep NV, ADR | 22,626 | 336,233 | 302,559 |
| Royal Dutch Shell PLC, ADR, Class 'A' | 9,140 | 583,040 | 653,348 |
| | | 1,310,234 | 1,351,614 |
| Switzerland — 1.30% | | | |
| ABB Ltd., ADR | 17,364 | 379,575 | 445,733 |
| Aryzta AG, Registered | 8,085 | 535,763 | 386,286 |
| Nestlé SA, ADR, Registered | 3,827 | 279,554 | 382,998 |
| | | 1,194,892 | 1,215,017 |
| United Kingdom — 3.70% | | | |
| Barclays PLC, ADR | 20,151 | 312,625 | 198,250 |
| Centrica PLC | 104,725 | 468,822 | 405,903 |
| GlaxoSmithKline PLC, ADR | 9,873 | 518,007 | 553,911 |
| HSBC Holdings PLC | 40,415 | 423,255 | 323,640 |
| National Grid PLC | 31,055 | 475,864 | 585,016 |
| Tate & Lyle PLC | 24,780 | 291,840 | 284,727 |
| Unilever PLC | 7,550 | 393,279 | 464,446 |
| Vodafone Group PLC, ADR | 12,265 | 518,377 | 490,442 |
| | | 3,402,069 | 3,306,335 |
| TOTAL INTERNATIONAL EQUITIES | | 11,174,578 | 11,735,297 |
| TOTAL EQUITIES | | 47,908,495 | 54,117,286 |
| BONDS — 38.10% | | | |
| Government of Canada — 6.60% | | | |
| Canada Housing Trust No 1., Floating Rate, 1.067%, 15/09/21 | 1,500,000 | 1,501,800 | 1,501,949 |
| Government of Canada, 2.750%, 01/09/16 | 450,000 | 476,688 | 451,566 |
| Government of Canada, 0.750%, 01/03/21 | 3,225,000 | 3,232,868 | 3,251,779 |
| Government of Canada, 2.250%, 01/06/25 | 680,000 | 740,656 | 755,676 |
| | | 5,952,012 | 5,960,970 |
| Provincial Government — 15.40% | | | |
| Province of Alberta, 2.350%, 01/06/25 | 275,000 | 273,260 | 284,016 |
| Province of British Columbia, 3.250%, 18/12/21 | 865,000 | 939,510 | 956,881 |
| Province of Manitoba, 2.450%, 02/06/25 | 320,000 | 323,050 | 332,817 |
| Province of New Brunswick, 3.650%, 03/06/24 | 235,000 | 258,930 | 264,748 |
| Province of Ontario, 1.900%, 08/09/17 | 210,000 | 212,457 | 212,991 |
| Province of Ontario, 4.200%, 02/06/20 | 3,175,000 | 3,552,425 | 3,549,554 |

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|----------------------------------------------------------------------------------------|--------------------------------|-----------------|------------------|
| Province of Ontario, Floating Rate, 1.330%, 16/03/21 | 1,360,000 | 1,363,630 | 1,366,953 |
| Province of Ontario, 3.150%, 02/06/22 | 1,700,000 | 1,812,869 | 1,870,372 |
| Province of Ontario, 3.500%, 02/06/24 | 790,000 | 886,427 | 895,937 |
| Province of Ontario, 2.600%, 02/06/25 | 475,000 | 488,343 | 505,076 |
| Province of Quebec, Series 'B114', Floating Rate, 1.075%, 19/12/18 | 145,000 | 146,045 | 145,465 |
| Province of Quebec, 4.250%, 01/12/21 | 1,100,000 | 1,255,463 | 1,267,887 |
| Province of Quebec, Series 'B113', 3.750%, 01/09/24 | 600,000 | 684,615 | 692,055 |
| Province of Quebec, 2.750%, 01/09/25 | 1,285,000 | 1,338,092 | 1,379,829 |
| Province of Saskatchewan, 3.200%, 03/06/24 | 165,000 | 176,342 | 182,428 |
| | | 13,711,458 | 13,907,009 |
| Municipal Government — 0.40% | | | |
| Greater Toronto Airports Authority, Series '2009-1', 5.960%, 20/11/19 | 290,000 | 327,994 | 335,265 |
| Greater Toronto Airports Authority, Series '97-3', 6.450%, 03/12/27 | 30,000 | 40,286 | 42,224 |
| | | 368,280 | 377,489 |
| Corporate Bonds — 15.60% | | | |
| 407 International Inc., Callable, 4.300%, 26/05/21 | 245,000 | 274,694 | 276,745 |
| 407 International Inc., Callable, 4.190%, 25/04/42 | 70,000 | 74,963 | 79,417 |
| AltaGas Ltd., Callable, 3.570%, 12/06/23 | 85,000 | 85,190 | 88,060 |
| AltaGas Ltd., Callable, 4.400%, 15/03/24 | 35,000 | 36,166 | 37,898 |
| AltaGas Ltd., Callable, 3.840%, 15/01/25 | 45,000 | 43,749 | 46,871 |
| AltaGas Ltd., Callable, 4.120%, 07/04/26 | 60,000 | 59,966 | 62,476 |
| Bank of Montreal, Callable, 2.240%, 11/12/17 | 195,000 | 197,984 | 197,934 |
| Bank of Montreal, 2.430%, 04/03/19 | 1,200,000 | 1,221,165 | 1,234,506 |
| Bank of Montreal, 1.880%, 31/03/21 | 265,000 | 266,054 | 268,868 |
| Bank of Nova Scotia, 2.462%, 14/03/19 | 575,000 | 579,374 | 591,403 |
| Bank of Nova Scotia, 2.873%, 04/06/21 | 440,000 | 458,553 | 465,459 |
| Bell Canada, Puttable, 4.370%, 13/09/17 | 70,000 | 69,996 | 72,389 |
| Bell Canada, Callable, 5.520%, 26/02/19 | 45,000 | 46,318 | 49,395 |
| Bell Canada, Callable, 3.540%, 12/06/20 | 135,000 | 141,204 | 143,393 |
| Bell Canada, Callable, 3.150%, 29/09/21 | 285,000 | 296,544 | 299,649 |
| Bell Canada, Callable, 3.550%, 02/03/26 | 190,000 | 190,064 | 200,968 |
| Cameco Corp., Series 'D', Callable, 5.670%, 02/09/19 | 105,000 | 113,534 | 114,593 |
| Cameco Corp., Series 'E', 3.750%, 14/11/22 | 135,000 | 138,701 | 139,881 |
| Cameco Corp., Callable, 4.190%, 24/06/24 | 100,000 | 100,916 | 105,640 |
| Canadian Imperial Bank of Commerce, 2.220%, 07/03/18 | 165,000 | 165,361 | 167,688 |
| Canadian Imperial Bank of Commerce, 1.700%, 09/10/18 | 175,000 | 176,666 | 176,572 |
| Canadian Imperial Bank of Commerce, 1.850%, 14/07/20 | 425,000 | 424,389 | 431,251 |
| Canadian Imperial Bank of Commerce, 1.900%, 26/04/21 | 90,000 | 89,953 | 91,418 |
| Dollarama Inc., Floating Rate, 1.445%, 16/05/17 | 50,000 | 49,832 | 49,933 |
| Dollarama Inc., 3.095%, 05/11/18 | 90,000 | 90,000 | 92,718 |
| Enbridge Income Fund (The), Callable, 3.950%, 19/11/24 | 50,000 | 50,000 | 52,672 |
| Enbridge Pipelines Inc., Callable, 4.490%, 12/11/19 | 25,000 | 24,980 | 27,184 |
| Enbridge Pipelines Inc., Callable, 4.450%, 06/04/20 | 285,000 | 313,119 | 310,721 |
| ENMAX Corp., Callable, 3.805%, 05/12/24 | 75,000 | 75,000 | 79,227 |
| Hydro One Inc., Callable, 5.180%, 18/10/17 | 375,000 | 415,875 | 394,010 |
| Hydro One Inc., Callable, 3.200%, 13/01/22 | 275,000 | 294,620 | 298,140 |
| Inter Pipeline Ltd., Series '7', Callable, 3.173%, 24/03/25 | 35,000 | 32,889 | 35,174 |
| Loblaws Cos. Ltd., Callable, 6.150%, 29/01/35 | 45,000 | 47,506 | 57,468 |
| Manitoba Telecom Services Inc., Series '8', Callable, 5.625%, 16/12/19 | 130,000 | 145,144 | 145,673 |
| Manufacturers Life Insurance Co. (The), Variable Rate, Callable, 4.165%, 01/06/22 | 40,000 | 40,000 | 40,863 |
| Manulife Financial Corp., Callable, 5.505%, 26/06/18 | 420,000 | 444,799 | 450,420 |
| National Bank of Canada, Variable Rate, Callable, 3.261%, 11/04/22 | 370,000 | 378,824 | 373,903 |
| North West Redwater Partnership / NWR Financing Co. Ltd., Series 'C', Restricted, Call | 40,000 | 39,920 | 39,739 |
| North West Redwater Partnership / NWR Financing Co. Ltd., Series 'A', Callable, 3.200 | 125,000 | 124,809 | 130,442 |
| North West Redwater Partnership / NWR Financing Co. Ltd., Series 'F', Callable, 4.250 | 120,000 | 121,016 | 130,204 |
| Reliance L.P., Callable, 4.574%, 15/03/17 | 40,000 | 40,000 | 40,574 |
| Reliance L.P., 4.075%, 02/08/21 | 115,000 | 115,391 | 117,370 |
| Rogers Communications Inc., Callable, 4.000%, 06/06/22 | 410,000 | 431,594 | 449,386 |
| Royal Bank of Canada, 2.580%, 13/04/17 | 90,000 | 91,692 | 91,085 |

Lincluden Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016

| | Number of Shares/ Par Value | Average Cost | Fair Value \$ |
|-------------------------------------------------------------------------------------|--------------------------------|-----------------|------------------|
| Royal Bank of Canada, 2.980%, 07/05/19 | 415,000 | 432,970 | 433,364 |
| Royal Bank of Canada, 2.030%, 15/03/21 | 300,000 | 303,150 | 305,744 |
| Royal Bank of Canada, 1.968%, 02/03/22 | 485,000 | 483,920 | 490,627 |
| Royal Bank of Canada, Variable Rate, Callable, 2.990%, 06/12/24 | 70,000 | 70,000 | 72,101 |
| Royal Bank of Canada, 4.930%, 16/07/25 | 130,000 | 159,325 | 160,472 |
| Shaw Communications Inc., Callable, 5.500%, 07/12/20 | 70,000 | 69,744 | 79,038 |
| Shaw Communications Inc., Callable, 4.350%, 31/01/24 | 20,000 | 19,995 | 21,803 |
| SNC-Lavalin Group Inc., Callable, 6.190%, 03/07/19 | 130,000 | 148,047 | 144,209 |
| Sun Life Financial Inc., Series 'D', Callable, 5.700%, 02/07/19 | 30,000 | 33,231 | 33,474 |
| Sun Life Financial Inc., Callable, 4.570%, 23/08/21 | 15,000 | 16,005 | 16,892 |
| Sun Life Financial Inc., Series '2012-1', Variable Rate, Callable, 4.380%, 02/03/22 | 75,000 | 75,585 | 76,253 |
| TELUS Corp., Series 'CG', Callable, 5.050%, 04/12/19 | 240,000 | 253,610 | 264,826 |
| TELUS Corp., 3.600%, 26/01/21 | 195,000 | 200,129 | 207,934 |
| TELUS Corp., Callable, 3.750%, 17/01/25 | 100,000 | 99,775 | 107,196 |
| Teranet Holdings L.P., Callable, 4.807%, 16/12/20 | 65,000 | 64,813 | 71,949 |
| Toronto-Dominion Bank (The), 2.447%, 02/04/19 | 45,000 | 46,288 | 46,356 |
| Toronto-Dominion Bank (The), 2.563%, 24/06/20 | 730,000 | 742,075 | 759,949 |
| Toronto-Dominion Bank (The), 2.045%, 08/03/21 | 490,000 | 492,858 | 500,710 |
| TransCanada PipeLines Ltd., Series 'W', 9.450%, 20/03/18 | 100,000 | 131,318 | 112,495 |
| TransCanada PipeLines Ltd., Callable, 3.690%, 19/07/23 | 630,000 | 657,107 | 682,472 |
| Wells Fargo Financial Canada Corp., 2.774%, 09/02/17 | 130,000 | 130,000 | 131,376 |
| Wells Fargo Financial Canada Corp., 2.780%, 15/11/18 | 90,000 | 89,975 | 93,038 |
| Wells Fargo Financial Canada Corp., 2.944%, 25/07/19 | 390,000 | 401,815 | 407,618 |
| Westcoast Energy Inc., Callable, 3.883%, 28/10/21 | 35,000 | 35,000 | 37,600 |
| Westcoast Energy Inc., Series 'W', 7.300%, 18/12/26 | 125,000 | 122,360 | 163,425 |
| | | 13,897,609 | 14,170,301 |
| International — 0.10% | | | |
| Brookfield Infrastructure Partners L.P., 3.455%, 10/10/17 | 30,000 | 30,000 | 30,533 |
| Manulife Finance Delaware L.P., Variable Rate, Callable, 4.448%, 15/12/26 | 50,000 | 49,327 | 50,398 |
| | | 79,327 | 80,931 |
| TOTAL BONDS | | 34,008,686 | 34,496,700 |
| SHORT-TERM INVESTMENTS — 1.60% | | | |
| Government of Canada Treasury Bill, 0.475%, 14/07/16 | 950,000 | 948,896 | 949,828 |
| Government of Canada Treasury Bill, 0.495%, 22/09/16 | 200,000 | 199,712 | 199,773 |
| Government of Canada Treasury Bill, 0.490%, 17/11/16 | 300,000 | 299,440 | 299,506 |
| | | 1,448,048 | 1,449,107 |
| TRANSACTION COSTS | | -41,789 | |
| TOTAL INVESTMENT PORTFOLIO — 99.50% | | 83,323,440 | 90,063,093 |
| OTHER ASSETS, NET OF LIABILITIES — 0.50% | | | 491,367 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.00% | | | 90,554,460 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. ESTABLISHMENT OF THE FUND

The Lincluden Balanced Fund (the "Fund") is an open-end mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 23, 2000. The address of the Fund's registered office is 201 City Centre Drive, Mississauga, Ontario. The Fund commenced operations on September 29, 2000. Lincluden Investment Management Limited acts as the Trustee and Investment Manager of the Fund (the "Fund Manager").

The investment objective of the Fund is to generate both capital appreciation and income, while maintaining a relatively low level of risk. To achieve its objectives, the Fund invests in a diverse portfolio of stocks, government and corporate bonds, and short-term instruments such as Government of Canada treasury bills.

2. BASIS OF PREPARATION

Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were authorized for issue by the Board of Directors of the Manager on August 29, 2016.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss which are presented at fair value.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Fund's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

(i) Recognition, initial measurement and classification

Financial assets and financial liabilities at fair value through profit or loss are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently measured at amortized cost.

The Fund classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss:
 - Held for trading: derivative financial instruments
 - Designated as fair value through profit or loss: debt securities and equity investments
- Financial assets at amortized cost:
 - Loans and receivables: all other financial assets
- Financial liabilities at fair value through profit or loss
 - Held for trading: derivative financial instruments
- Financial liabilities at amortized cost: all other financial liabilities are classified as other financial liabilities

(ii) Fair value measurement

Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing sale price. Securities with no available closing prices are valued at the last available sale or close price. In respect of any unlisted or non-exchange traded securities, or securities for which a last sale or close price are unavailable or securities for which market quotations are, in the Fund Manager's opinion, inaccurate, unreliable, or not reflective of all available material information, such securities are valued at their fair value as

determined by the Fund Manager. Short-term notes are valued at cost plus accrued interest, which approximates fair value.

The Fund may enter into forward foreign exchange contracts with the intention to offset or reduce exchange rate risks associated with the investments. The value of these forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out and recorded as a derivative asset/liability in the statements of financial position. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statements of comprehensive income.

Investments in pooled funds are valued at the unit values supplied by the underlying fund's administrator.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value ("NAV") for transactions with unitholders.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements 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.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit and loss and foreign exchange gains and losses.

Cash

Cash consists of cash on deposit with financial institutions.

Investment transactions and income recognition

The Fund follows the accrual method of recording investment income and expenses. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security on the ex-dividend date.

The interest for distribution purposes shown on the statements of comprehensive income represents the coupon interest earned by the fund accounted for on an accrual basis. The fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other transaction costs.

Foreign currency translation

The fair values of foreign currency denominated investments are translated into Canadian dollars, using the prevailing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses are presented as foreign exchange gain (loss), except for those arising from financial instruments at fair value through profit or loss which are recognized as a component within “Net realized gain (loss) on investments” and “Change in unrealized appreciation (depreciation)” in the statements of comprehensive income.

Income taxes

The Fund presently qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada), and accordingly, is not taxed on that portion of its taxable income, which is paid or payable to unitholders at the end of the taxation year. The Fund has elected for a December 15 taxation year end. The Fund pays out sufficient net income and net realized capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

Capital losses and non-capital losses incurred by the Funds cannot be allocated to unitholders but capital losses may be carried forward indefinitely to reduce future realized capital gains and non-capital losses may be carried forward for 20 taxation years to reduce future net income for tax purposes. As at December 31, 2015, the Fund has no non-capital losses (2014 – nil) and no capital losses carrying forward (2014 - nil).

Certain dividend and interest income received by the Fund is subject to withholding tax imposed in the country of origin. During the period, the average withholding tax rate was 15% (2015 -15%).

Redeemable Units

For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale. The amount is included in net assets attributable to holders of redeemable

units. Units are redeemable at the option of unitholders at their net asset value on the redemption date. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the net asset value of the unit at the date of redemption. The redeemable units, which are classified as financial liabilities, are measured at the redemption amount and are considered a residual interest in the assets of the Fund after deducting all of its liabilities.

Net assets attributable to holders of redeemable units is calculated for each series of units of the Fund by taking the respective series' proportionate share of the Fund's net assets and dividing by the number of units of that class outstanding on the valuation date.

The increase (decrease) in net assets attributable to holders of redeemable units per unit by series in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of that series outstanding during the reporting period. Income, expenses other than management fees, and realized and unrealized capital gains (losses) are distributed amongst the different classes of units in proportion to the amount invested in them.

Receivable for investments sold/Payable for investments purchased

Amounts receivable for investments sold/payable for investments purchased represent amounts receivable/payable from/to brokers relating to transactions entered into but not yet settled for the sale/purchase of investments.

Future accounting changes

The International Accounting Standards Board ("IASB") has issued the following new standards and amendments to existing standards that are not yet effective.

(I) IFRS 9, Financial Instruments ("IFRS 9"):

In July 2014, the IASB issued IFRS 9, Financial Instruments, to replace International Accounting Standard 39, Financial Instruments – Recognition and Measurement ("IAS 39"). IFRS 9 addresses classification and measurement, impairment and hedge accounting. The new standard requires assets to be classified based on the Fund's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. Financial assets will be measured at fair value through profit and loss unless certain conditions are met which permit measurement at amortized cost or value through other comprehensive income. The classification and measurement of liabilities remain generally unchanged, with the exception of liabilities recorded at fair value through profit and loss. For financial liabilities designated at fair value through profit and loss, IFRS 9 requires the presentation of the effects of changes in the Fund's own credit risk in other comprehensive income instead of net income.

IFRS 9 is effective for fiscal years beginning on January 1, 2018, though early adoption is permitted. The Manager is currently assessing the impact of this new standard on the Fund's financial statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Fund Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The most significant accounting judgement and estimate that the Fund has made in preparing the financial statements is determining the fair value measurement of derivatives and investments not quoted in an active market, if any. See note 8 for more information on the fair value measurement of the Fund's financial instruments.

5. REDEEMABLE UNITS

The Fund is authorized to issue an unlimited number of units in Series A, Series F, Series I and Series O. Series A Units, the Series F Units, the Series I Units and the Series O Units all have the same attributes, except that:

(a) a different management fee may be payable by the Fund in respect of the Series A Units and Series F Units.

(b) no management fee shall be payable by the Fund in respect of the Series I Units or Series O Units.

Further information on the rights, privileges and restrictions attaching to each Series is set out in the Fund's Declaration of Trust and Prospectus.

The Fund is required to distribute any net income and capital gains that it has earned in the year. Income earned by the Fund is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the Fund. Distributions payable to holders of redeemable units are recognized in the statements of changes in net assets attributable to holders of redeemable units. The units of the Fund are classified as financial liabilities as there is a requirement to distribute net income and capital gains and the Fund has multiple series of units with different features.

Unit transactions for the periods ended June 30, 2016 and June 30, 2015 are as follows:

| Series A | | |
|--------------------------|------------------------|----------------------|
| | June 30, 2016 | June 30, 2015 |
| | Number of units | Number of units |
| Opening | 86,144 | 84,554 |
| Subscriptions | - | 9,450 |
| Distributions reinvested | 309 | 426 |
| Redemptions | (8,833) | 10,141 |
| Closing | 77,620 | 84,289 |
| Average | 81,009 | 87,022 |

| Series O | | |
|--------------------------|------------------------|----------------------|
| | June 30, 2016 | June 30, 2015 |
| | Number of units | Number of units |
| Opening | 2,954,689 | 2,713,148 |
| Subscriptions | 2,944,491 | 91,391 |
| Distributions reinvested | 68,119 | 39,596 |
| Redemptions | (250,586) | 144,083 |
| Closing | 5,716,713 | 2,700,052 |
| Average | 4,943,193 | 2,677,981 |

6. RELATED PARTY TRANSACTIONS AND FUND EXPENSES

Management Fees and Other Expenses

Each series of the Fund is allocated its own expenses and its proportionate share of the Fund's expenses that are common to all series. Expenses may include legal fees, audit fees, custodial fees, taxes and servicing costs. The Fund Manager may absorb some or all of these expenses. The absorbed expenses are reflected in the statements of comprehensive income. The Fund Manager may cease to absorb expenses at any time.

For Series A, the management fee is 1.75% plus GST/HST and it is charged directly to the Fund. For Series O, the Fund Manager receives no management fees directly from the Fund for management of the Fund, but instead charges management fees directly to unitholders. As such, the management fee is not an expense of the Fund for Series O.

Independent Review Committee

The total remuneration paid to independent review committee members amounted to \$17,500 (June 30, 2015 - \$17,500).

Related Party Share holdings

Directors of the Fund and employees of the Investment Manager held 102,156 redeemable units in the Fund (December 31, 2015 – 95,833).

7. TRANSACTION COSTS

The total brokerage fees and commissions paid on the purchase and sale of investments for the period ended June 30, 2016 amounted to \$34,076 (June 30, 2015 - \$5,633). The Fund recognizes that it has a duty to its clients to seek the most favourable execution terms that are reasonably available given the circumstances of each trade. While the ability to trade at the best price is normally the most important consideration in determining best execution consideration is also given to the full range and quality of a broker's services in placing brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness. The Fund Manager does not use any of the commission dollars to pay for any of the services required for the operation of the Fund or the firm ("soft dollars").

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's investment activities expose it to various types of risks associated with the financial instruments in which it invests directly. The Manager seeks to minimize potential adverse effects of these risks for the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent prospectus and annual information form for a complete discussion of the risks attributed to an investment in the units of the Fund. Significant financial instrument risks that are relevant to the Fund and an analysis of how they are managed are presented below.

Currency risk

The Fund invests in securities denominated in currencies other than its reporting currency, the Canadian dollar. Consequently, the Fund is exposed to risks that the exchange rate of the Canadian dollar relative to the other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets.

The table below indicates the currencies to which the Fund had significant exposure at year end, on both its trading monetary assets and liabilities as well as the underlying principal amount of foreign exchange forward contracts.

June 30, 2016:

| | Currency risk exposed holdings | Forward foreign exchange contracts | Total Exposure | As a % of Net Assets |
|---------------|--------------------------------|------------------------------------|----------------|----------------------|
| U.S. Dollar | 21,504,139 | - | 21,504,139 | 23.75% |
| British Pound | 2,087,294 | - | 2,087,294 | 2.31% |
| Euro | 1,891,285 | - | 1,891,285 | 2.09% |
| Japanese Yen | 1,045,643 | - | 1,045,643 | 1.15% |
| Swiss Franc | 386,286 | - | 386,286 | 0.43% |

December 31, 2015:

| | Currency risk exposed holdings | Forward foreign exchange contracts | Total Exposure | As a % of Net Assets |
|---------------|--------------------------------|------------------------------------|----------------|----------------------|
| U.S. Dollar | 11,024,924 | - | 11,024,924 | 23.52% |
| British Pound | 1,100,678 | - | 1,100,678 | 2.35% |
| Euro | 952,238 | - | 952,238 | 2.03% |
| Japanese Yen | 585,951 | - | 585,951 | 1.25% |
| Swiss Franc | 287,340 | - | 287,340 | 0.61% |

As at June 30, 2016, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,345,732 (December 31, 2015 - \$697,557). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

The Fund invests in interest-bearing securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the sale of securities.

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The Fund is exposed to the risk that the value of interest-bearing

financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates. The interest rate risk associated with short-term investments is minimal and therefore not included in the table below.

June 30, 2016:

| | Less than 1 year | 1-3 years | 3-5 years | >5 years | Total |
|-------|------------------|-----------|------------|------------|------------|
| Bonds | 764,534 | 4,501,277 | 13,554,307 | 15,676,582 | 34,496,700 |

December 31, 2015:

| | Less than 1 year | 1-3 years | 3-5 years | >5 years | Total |
|-------|------------------|-----------|-----------|-----------|------------|
| Bonds | 779,585 | 5,011,172 | 4,003,736 | 8,330,646 | 18,125,139 |

As at June 30, 2016, had the prevailing interest rates raised or lowered by 1%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by \$1,524,022 (December 31, 2015 - \$833,315).

Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of counterparty on its obligation to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and balances due from brokers and receivables. Credit risk is managed by dealing with counterparties the Fund believes to be creditworthy and by regular monitoring of credit exposures.

The Fund manages credit risk within its debt portfolio by: complementing the research of rating agencies by its own internal analysis, diversifying the portfolio by issuer, controlling exposure to individual issues and maintaining exposure across industry sectors.

As at June 30, 2016 and December 31, 2015, the Fund invested in debt securities with the following credit characteristics:

| Percentage of Net Assets | | |
|--------------------------|---------------|-------------------|
| Bond Ratings | June 30, 2016 | December 31, 2015 |
| AAA | 7.64% | 7.16% |
| AA | 21.34% | 4.12% |
| A | 6.02% | 21.50% |
| BBB | 3.10% | 5.88% |
| Total | 38.10% | 38.66% |

The Fund's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position.

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk and currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. This risk is managed through careful selection of securities and other financial instruments within specified limits. The Fund's overall market positions are monitored on a daily basis.

As at June 30, 2016, a 5% change in stock prices would have changed the Fund's net assets attributable to holders of redeemable units by \$2,705,864 (December 31, 2015 - \$ 1,401,274) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Liquidity risk

The Fund is exposed to daily cash redemptions of units. It therefore invests its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realizable.

The Fund's liquidity position is monitored on a daily basis and all the Fund's financial liabilities are short-term in nature and due within 90 days.

Fair Value Hierarchy

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices),.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The fund recognizes transfers between levels of the fair value hierarchy as at the end of

the reporting period during which change has occurred. There were no transfers from level 1 to level 2 as at June 30, 2016 (2015 – nil).

The following is a summary of the inputs used as of June 30, 2016 in valuing the Fund's investments carried at fair values:

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant other unobservable inputs (Level 3) | Total |
|--------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|----------------------|
| Equities | \$ 54,117,286 | \$ - | \$ - | \$ 54,117,286 |
| Bonds | - | 34,496,700 | - | 34,496,700 |
| Short-Term Investments | - | 1,449,107 | - | 1,449,107 |
| Total Investments | \$ 54,117,286 | \$ 35,945,807 | \$ - | \$ 90,063,093 |

The following is a summary of the inputs used as of December 31, 2015 in valuing the Fund's investments carried at fair values:

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant other unobservable inputs (Level 3) | Total |
|--------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|----------------------|
| Equities | \$ 28,025,470 | \$ - | \$ - | \$ 28,025,470 |
| Bonds | - | 18,125,139 | - | 18,125,139 |
| Short-Term Investments | - | 349,697 | - | 349,697 |
| Total Investments | \$ 28,025,470 | \$ 18,474,836 | \$ - | \$ 46,500,306 |

9. CAPITAL MANAGEMENT

The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net assets attributable to holders of redeemable units per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

10. NET CHANGES FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss presented in the table below are comprised of the following: net realized gain (loss) on investments and derivatives, change in unrealized appreciation (depreciation) of investments and derivatives, net other gain (loss), other income, dividend income and interest income for

distribution purposes. The classifications between held for trading and designated at fair value are presented in the following table:

| | Net changes for periods ended | |
|--------------------------------------|-------------------------------|---------------|
| | June 30, 2016 | June 30, 2015 |
| Financial instruments at FVTPL: | \$ | \$ |
| HFT | 1,436 | - |
| Designated at inception | 2,748,542 | 1,415,122 |
| Total financial instruments at FVTPL | 2,749,978 | 1,415,122 |