CWB Onyx Balanced Solution

Semi-Annual Annual Financial Statements

June 30, 2018
(unaudited)

CWB | MUTUAL FUNDS

CWB Onyx Balanced Solution

Notice of Non-review of Interim Financial Statements for the Six Months Ended June 30, 2018

The accompanying unaudited interim financial statements have been prepared on behalf of CWB Wealth Management Ltd. as trustee and manager of CWB Onyx Balanced Solution.

CWB Onyx Balanced Solution's independent auditors have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

CWB Onyx Balanced Solution

Statements of Financial Position

As at June 30, 2018 and December 31, 2017 *(unaudited)*

	June 30, 2018	December 31, 2017
Assets		
Cash	$ 193,817	$ 323,541
Subscriptions receivable	85,867	499,541
Interest receivable	163	-
Investments at fair value through profit or loss	42,222,733	35,354,034
Due from CWB Wealth Management Ltd.	632	626
	42,503,212	36,177,742
Liabilities		
Redemptions payable	33,351	18,361
Due to brokers	33,769	-
Accrued liabilities (note 4)	164,821	129,171
	231,941	147,532
Net assets attributable to holders of redeemable units	$ 42,271,271	$ 36,030,210
Represented by		
Series A	$ 40,495,676	$ 33,013,412
Series O	1,775,595	3,016,798
	$ 42,271,271	$ 36,030,210
Net assets attributable to holders of redeemable units per unit (note 6)		
Series A	$ 11.14	$ 11.22
Series O	11.36	11.43

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

Approved by CWB Wealth Management Ltd. in its capacity as manager of CWB Onyx Balanced Solution

(Signed) *"David Schaffner"*

David Schaffner
President & Chief Executive Officer

(Signed) *"Carolyn J. Graham"*

Carolyn J. Graham
Executive VP & Chief Financial Officer

CWB Onyx Balanced Solution

Statements of Comprehensive Income

For the six months ended June 30, 2018 and 2017 *(unaudited)*

	June 30, 2018	June 30, 2017
Revenue		
Investment income from mutual funds	$ 598,661	$ 327,896
Interest for distribution purposes	5,425	762
Net realized gain on sale of investments	117,181	17,061
Net change in unrealized (depreciation) appreciation in value of investments	(442,261)	37,405
Total revenue	279,006	383,124
Expenses		
Management fees (note 4)	335,056	165,611
Administration fees	32,041	7,538
Record keeping	18,438	6,301
Audit fees	8,007	17,006
Legal fees	6,423	5,311
Custodian fees	4,914	2,744
Transaction fees	1,332	1,595
Other	1,023	1,187
Total expenses before fee waiver and refund	407,234	207,293
Management fees waived (note 4)	(33,118)	(22,994)
Management fees refunded (note 4)	(6,669)	(2,692)
Total expenses	367,447	181,607
(Decrease) increase in net assets attributable to holders of redeemable units	$ (88,441)	$ 201,517
(Decrease) increase in net assets attributable to holders of redeemable units		
Series A	$ (97,388)	$ 139,185
Series O	8,947	62,332
	$ (88,441)	$ 201,517
(Decrease) increase in net assets attributable to holders of redeemable units per unit		
Series A	$ (0.03)	$ 0.08
Series O	0.04	0.27

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

CWB Onyx Balanced Solution

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

For the six months ended June 30, 2018 and 2017 *(unaudited)*

	June 30, 2018	June 30, 2017
Series A		
Net assets attributable to holders of redeemable units – Beginning of period	$ 33,013,412	$ 9,471,677
(Decrease) increase in net assets attributable to holders of redeemable units	(97,388)	139,185
Distributions to unitholders of redeemable units		
From net investment income	(227,962)	(226,094)
From management fees refunded (note 4)	(6,669)	(2,692)
	(234,631)	(228,786)
Redeemable unit transactions (note 6)		
Issuance of redeemable units	10,614,863	17,170,607
Reinvested distributions from holders of redeemable units	234,631	228,786
Redemption of redeemable units	(3,035,211)	(670,110)
	7,814,283	16,729,283
Net increase in net assets attributable to holders of redeemable units	7,482,264	16,639,682
Net assets attributable to holders of redeemable units – End of period	$ 40,495,676	$ 26,111,359
Series O		
Net assets attributable to holders of redeemable units – Beginning of period	$ 3,016,798	$ 2,263,142
Increase in net assets attributable to holders of redeemable units	8,947	62,332
Distributions to unitholders of redeemable units		
From net investment income	(39,666)	(33,413)
Redeemable unit transactions (note 6)		
Issuance of redeemable units	1,148,287	546,109
Reinvested distributions from holders of redeemable units	39,666	33,413
Redemption of redeemable units	(2,398,437)	-
	(1,210,484)	579,522
Net (decrease) increase in net assets attributable to holders of redeemable units	(1,241,203)	608,441
Net assets attributable to holders of redeemable units – End of period	$ 1,775,595	$ 2,871,583

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

CWB Onyx Balanced Solution

Statements of Cash Flows

For the six months ended June 30, 2018 and 2017 *(unaudited)*

	June 30, 2018	June 30, 2017
Cash flows used in operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	$ (88,441)	$ 201,517
Adjustments for:		
Net realized gain on sale of investments	(117,181)	(17,061)
Net change in unrealized depreciation (appreciation) in value of investments	442,261	(37,405)
Purchase of investments	(14,137,395)	(17,364,659)
Proceeds from sale of investments	6,943,616	345,815
Interest for distribution purposes	(5,425)	(762)
Due from CWB Wealth Management Ltd.	(6)	3,933
Balances due to brokers	33,769	67,990
Accrued liabilities	35,650	111,047
Interest received	5,262	762
	(6,887,890)	(16,688,823)
Cash flows from financing activities		
Proceeds from issuances of redeemable units	12,176,824	17,446,163
Amounts paid on redemption of redeemable units	(5,418,658)	(676,128)
	6,758,166	16,770,035
Net (decrease) increase in cash	(129,724)	81,212
Cash - Beginning of period	323,541	(20,916)
Cash - End of period	$ 193,817	$ 60,296

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

CWB Onyx Balanced Solution

Schedule of Investment Portfolio

As at June 30, 2018 *(unaudited)*

	Maturity Date	Number of Units	Average Cost ($)	Fair Value ($)	% of Net Assets
Short-term notes					
Government of Canada Treasury Bill	10/04/2018	275,000	273,919	273,919	0.7
Investment in funds					
Fixed income fund					
Onyx Diversified Income Fund, Series O		1,646,240	16,955,354	16,732,712	39.6
Equity funds					
Onyx Canadian Equity Fund, Series O		778,075	9,819,636	10,213,083	24.1
Onyx Global Equity Fund, Series O		1,091,970	14,137,106	15,003,019	35.5
			23,956,742	25,216,102	59.6
Total investment in funds			40,912,096	41,948,814	99.2
Total investments at fair value through profit or loss			41,186,015	42,222,733	99.9
Other assets less liabilities				48,532	0.1
Total net assets				42,271,265	100.0

The Fund Specific Information related to CWB Onyx Balanced Solution (the Fund) contained herein should be read in conjunction with the "Notes to the Financial Statements – General Information" related to the CWB Onyx Portfolio Series beginning on page 12.

1 Investment objective

The Fund's investment objective is to provide investors with long-term capital appreciation by investing in a balanced portfolio of equity and fixed income securities. The Fund generally invests its assets to achieve a target allocation of approximately 60% in equity securities and 40% in fixed income securities. To satisfy this objective, the Fund may invest in individual securities or other mutual funds. Currently, the Fund invests its assets in other CWB Onyx Portfolio Series mutual funds that invest in a diverse group of Canadian, United States and international equity securities, fixed income securities and securities of real estate investment trusts and similar investment vehicles.

2 Interest in unconsolidated structured entities

The Fund holds redeemable units issued by affiliated investment funds (Underlying Funds), which are puttable at the holder's option, whose purpose is to manage assets on behalf of third party investors and generate fee income for the investment manager. The Fund and the Underlying Funds are managed by CWB Wealth Management Ltd. (the Manager). These holdings are considered to be unconsolidated structured entities based on the fact that the decisions made by the Underlying Funds are not governed by voting rights or any similar other rights held by the Fund. The Underlying Funds are financed through the issue of units to investors which entitle the holder to a proportional stake in the respective Underlying Fund's net assets. There is no duplication of management fees, sales charges or other fees between the Fund and the Underlying Funds held directly by them.

The Fund's maximum exposure to loss is the carrying amount of its investment in the Underlying Funds. Significant risk exposures related to the Underlying Funds are discussed in note 3.

The following table provides details related to the Fund's investments in Underlying Funds with an ownership interest of less than 50%:

	June 30, 2018		December 31, 2017	
Underlying Fund	**Total net assets of Underlying Fund**	**Carrying amount of the Fund's investment**	**Total net assets of Underlying Fund**	**Carrying amount of the Fund's investment**
CWB Onyx Diversified Income Fund	$ 73,506,413	$ 16,732,712	$ 55,583,114	$ 15,861,433
CWB Onyx Canadian Equity Fund	34,666,541	10,213,083	26,301,459	7,155,682
CWB Onyx Global Equity Fund	50,690,918	15,003,019	40,979,437	12,336,919
	$ 158,863,872	$ 41,948,814	$ 122,864,010	$ 35,354,034

At June 30, 2018, the Fund owned 1,646,240, 778,075 and 1,091,970 (December 31, 2017 – 1,545,918, 537,560 and 900,538) Series O units of the CWB Onyx Diversified Fund, CWB Onyx Canadian Equity Fund and the CWB Onyx Global Equity Fund, respectively. During the period ended June 30, 2018, the Fund earned $598,661 (2017 – $327,896) in investment income and realized $117,181 (2017 – $17,061) in net capital gains related to the investments. No additional management fees were paid by the Fund to the Manager in respect of holding units of the Underlying Funds.

3 Financial risk management

Through its investments in Underlying Funds, the Fund may be exposed to a variety of financial risks. Specific financial risks applicable to the Fund are discussed in more detail below. For a comprehensive discussion of the risks applicable to the Fund, refer to note C under the "Notes to the Financial Statements – General Information" related to all CWB Onyx Portfolio Series.

a) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds in which the Fund invests hold financial instruments that are denominated in a currency other than its functional currency.

b) Interest rate risk

The Fund is exposed to interest rate risk through its investment in fixed income securities. As at June 30, 2018, 0.7% (December 31, 2017 – nil) of the Fund's net assets were invested in fixed income securities with a term to maturity of less than one year.

The Fund's investments in Underlying Funds also result in interest rate risk exposure. Based on the average effective duration of the portfolio, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have been decreased or increased, respectively, by approximately $1,168,000 (December 31, 2017 – $1,142,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

c) Price risk

The Fund is subject to indirect price risk arising from its holdings in Underlying Funds that invest in equity securities. As at June 30, 2018, a 10% change in the price of investments held in the Fund's portfolio would have changed the Fund's net assets attributable to holders of redeemable units by approximately $2,605,000 (December 31, 2017 – $1,973,000) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

d) Credit risk

The Fund could be exposed to indirect credit risk to the extent that Underlying Funds invest in debt instruments, preferred securities and derivatives. Credit risk to which the Fund is exposed also arises from its investments in fixed income securities. As at June 30, 2018, the Fund had 0.7% (December 31, 2017 – nil) of net assets invested in debt securities guaranteed by the federal government of Canada. The Fund's exposure to counterparty credit risk on cash and receivables is not significant.

e) Liquidity risk

Redeemable units are redeemable on demand at the holder's option.

The Fund held no illiquid securities at the reporting date. All accrued liabilities come due within the next fiscal year.

f) Concentration risk

The following is a summary of the Fund's concentration risk by mutual fund investment type:

	June 30, 2018 % of total	December 31, 2017 % of total
Fixed income fund	39.9	44.9
International equity fund	35.8	34.9
Canadian equity fund	24.3	20.2
	100.0	100.0

4 Related party transactions

Series O unitholders negotiate a management fee that is paid directly to the Manager and not through the Fund. Management fees paid by the Fund to the Manager for Series A units are calculated at a maximum of 1.70% per annum, before applicable sales taxes, of the daily net asset value of the Series A units. Annual management fees, administrative costs and operating expenses (excluding withholding taxes) related to Series A units are capped at 1.90% of the net asset value of the applicable units. During the period ended June 30, 2018, the Manager refunded $6,669 (2017 – $2,692) in management fees, which are reinvested back into the Fund, related to Series A units held by employees of the Manager and Canadian Western Bank, the Manager's parent company.

For the period ended June 30, 2018, Series A gross management fees incurred by the Fund totaled $335,056 (2017 – $165,611). Of these management fees, the Manager waived $33,118 (2017 – $22,994) during the period. Accrued liabilities at June 30, 2018 included $147,252 (December 31, 2017 – $117,709) related to management fees payable. Actual operating and administration expenses, excluding management fees, charged to the Fund related to Series A units totaled $72,178 (2017 – $41,682).

As at June 30, 2018, 210 Series A units (December 31, 2017 – 208) and no Series O units (December 31, 2017 – 207,149) were held by Canadian Western Bank, employees of the Manager and their immediate family members. Upon commencement of operations of the Fund, Canadian Western Bank provided an initial investment of $2 million in exchange for 200,000 Series O units. During the six months ended June 30, 2018, Canadian Western Bank redeemed all Series O units held as a result of the increase in unitholders since commencement of operations.

5 Income taxes

Non-capital losses are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. As at the tax year ended December 31, 2017, the Fund had no allowable capital or non-capital losses available for carryforward in future years.

6 Redeemable units

The following table summarizes unit transactions during the periods ended June 30, 2018 and 2017:

	Class A		Class O[1]	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
Redeemable units outstanding – Beginning of period	2,942,380	877,458	263,997	207,149
Issued for cash	945,276	1,560,913	100,864	48,582
Redeemed	(272,065)	(60,764)	(212,008)	-
Issued on reinvestment of distributions	21,061	20,937	3,491	3,004
Redeemable units outstanding – End of period	3,636,652	2,398,544	156,344	258,735

[1] During the period ended June 30, 2018, Canadian Western Bank redeemed all Series O units held. Refer to Note 4 for more information.

7 Fair value of financial instruments

For a general discussion of the Fund's fair value measurements, refer to note B(d) under the "Notes to the Financial Statements – General Information" related to all CWB Onyx Portfolio Series.

The Fund's investments in Underlying Funds are classified as Level 1 within the fair value hierarchy as at June 30, 2018 and December 31, 2017. There were no transfers within the fair value hierarchy during the six months ended June 30, 2018. Previously, the Fund's investments in Underlying Funds were classified as Level 2 as there was not sufficient trading volume and frequency to support an active market. The carrying values of cash, subscriptions receivable, interest receivable, amounts due from the Manager, redemptions payable, balances due to brokers and accrued liabilities approximate their fair values due to their short-term nature. The carrying amount of the Fund's net assets attributable to holders of redeemable units approximates fair value as it is measured at the redemption amount and is classified as Level 2 within the fair value hierarchy.

8 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

General Information related to the CWB Onyx Portfolio Series contained herein should be read in conjunction with the "Notes to the Financial Statements – Fund Specific Information" beginning on page 8.

A General

The CWB Onyx Portfolio Series consists of the the CWB Onyx Balanced Solution, the CWB Onyx Canadian Equity Fund, CWB Onyx Conservative Solution, the CWB Onyx Diversified Income Fund, the CWB Onyx Global Equity Fund, and the CWB Onyx Growth Solution (collectively, the Funds).

The Funds, headquartered at Suite 3000, 10303 Jasper Avenue, Edmonton, Alberta, were established on February 2, 2016 under the laws of Alberta pursuant to a master declaration of trust (the Declaration of Trust) between CWB Wealth Management Ltd., as manager (the Manager) and as trustee. RBC Investor Services Trust is the custodian and administrator of the Funds.

The Funds are authorized to issue an unlimited number of series and an unlimited number of units. Currently authorized series of units are as follows: Series A and Series O. A holder of units is entitled to one vote at any meeting of unitholders of the Fund or a meeting of unitholders of that specific series for each dollar in value of units owned on the relevant date. In addition, each unit of a series entitles the holder to participate equally with all other units of the series in the regular distribution of net income and net realized capital gains of the fund allocated to the series.

Series O units are available to large private or institutional investors who satisfy certain criteria established by the Manager. No management fees or operating expenses (other than certain litigation related expenses, if any) are charged to the Funds with respect to Series O units. Instead, each Series O investor negotiates a separate fee that is paid directly to the Manager and the Manager pays the operating expenses of the Funds (other than certain litigation expenses, if any) with respect to Series O units. Series A units carry a management fee and operating expenses and are available to all investors. In all other respects the series are equal.

The financial statements were authorized for issue by the Manager on August 24, 2018.

B Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") using the same accounting policies as the audited financial statements for the year ended December 31, 2017, with the exception of the adoption of International Financial Reporting Standards ("IFRS") 9 - *Financial Instruments* as discussed below.

b) New accounting standards

The Funds adopted IFRS 9 effective January 1, 2018, which replaces IAS 39 – *Financial Instruments: Recognition and Measurement* (IAS 39), and has been applied retrospectively to January 1, 2017. The adoption of this standard did not result in any changes to the balances reported on December 31, 2017. The changes in accounting policies resulting from the adoption of IFRS 9 are described below.

Upon transition to IFRS 9, the Funds' financial instruments that were measured at fair value through profit or loss under IAS 39 continue to be measured at fair value through profit or loss. Financial instruments that were measured at amortized cost under IAS 39 continue to be measured at amortized cost.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. As the Funds measure a majority of its financial assets at FVTPL and hold only short-term financial assets at amortised cost, the impairment requirements under the new standard do not impact these financial statements.

c) Use of estimates and significant judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements as well as the reported amount of revenues and expenses during the period.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

d) Financial instruments

i) Classification and measurement

All financial instruments are measured at fair value on initial recognition. Subsequently, IFRS 9 requires financial assets to be classified into one of three categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss, based on the cash flow characteristics and the business model under which the assets are held.

A financial asset is classified as subsequently measured at amortized cost only if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle outstanding, and it is not designated as fair value through profit or loss.

A financial asset is classified as subsequently measured at fair value through other comprehensive income only if the asset is held within a business model is achieved by both collecting contractual cash flows and selling financial assets, the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding, and it is not designated as fair value through profit or loss.

On initial recognition of an equity investment that is not held for trading, an irrevocable election can be made to present subsequent changes in fair value in other comprehensive income. This election has not been made.

i) Classification and measurement…*continued*

All other financial assets that do not meet the criteria are classified as measured at fair value through profit or loss.

A financial liability is generally measured at amortised cost, with exceptions that may allow for classification as fair value through profit or loss or designation at fair value through profit or loss. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at fair value through profit or loss.

ii) Recognition

Financial assets at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Funds derecognize a financial asset or liability when their contractual obligations are discharged, cancelled or expire, the Funds' right to receive cash flows expire or the Fund has transferred substantially all rights and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported 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. The Funds have not offset any financial instruments as at June 30, 2018 or December 31, 2017.

iii) Financial assets at fair value through profit or loss

Significant judgement is applied to determine the classification of the Funds' investments. Based on each Fund's business model, the manner in which the investments are managed, and how performance is evaluated on a fair value basis, fair value through profit or loss is the most appropriate classification.

Investments are measured at fair value through profit or loss and are initially recorded at their fair value, being 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, with the difference between this amount and cost recorded as unrealized appreciation (depreciation) in value of investments in the Statements of Comprehensive Income. In the case of securities listed on stock exchanges, the fair value means the last close price. For short-term notes, bonds and debentures, the fair value means the close price provided by independent security pricing services. In circumstances where the last close price is not within the bid-ask spread, the Funds' Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Investments for which reliable quotations are not readily available are valued at their fair value as determined by the custodian, independent of the Funds' Manager, using a valuation technique that requires the use of inputs and assumptions based on observable market data. Such investment valuations may differ from values that would have been determined had a ready market existed, and the difference could be significant.

iii) Financial assets at fair value through profit or loss…*continued*

The cost of investments represents the amount paid for each security and is determined on an average cost basis. Investment transactions are accounted for on a trade date basis, and transaction fees, being any costs that can be directly attributed to the acquisition or disposal of an investment, incurred in the purchase and sale of securities by the Funds are recognized in the Statements of Comprehensive Income.

All financial assets measured at fair value through profit or loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

iv) Financial assets at amortized cost

Financial assets at amortized cost, which are financial assets with fixed or determinable payments that are not quoted in an active market, are recognized initially at fair value plus directly attributable transaction costs. After initial recognition, these financial assets are measured at amortized cost, being the amount required to be received or paid, discounted, when appropriate, at the investment's effective interest rate, less impairment losses. The Funds' cash and bank overdrafts, subscriptions, dividends and interest receivables as well as amounts owing from CWB Wealth Management Ltd. are classified as financial assets at amortized cost.

Financial assets at amortized cost are assessed at each reporting date to determine whether there is objective evidence of impairment, including forward-looking information. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

v) Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Redemptions payable, distributions payable, amounts due to brokers and accrued liabilities are classified as financial liabilities.

vi) Valuation models

The Funds are required to classify investments into three levels based on the method used to value the investments. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Funds' determination of assumptions that market participants might reasonably use in valuing the securities. Refer to note 7 in the "Notes to the Financial Statements - Fund Specific Information" for further information about the Fund's fair value measurements.

vii) Cash and bank overdrafts

Cash is comprised of demand deposits with financial institutions. Outstanding bank overdraft balances are short-term in nature and used to accommodate unit redemption requests while the Funds effect an orderly liquidation of portfolio assets. Cash and bank overdrafts are carried at cost which approximates fair value.

e) Redeemable units

In accordance with IFRS, the Funds classify financial instruments issued as financial liabilities or equity instruments based on the substance of the contractual terms of the instruments. The Funds have multiple series that do not have identical features and therefore, their units do not qualify as equity under IFRS. The Funds' redeemable units, which are classified as liabilities, are measured at the redemption amount and provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Units may be sold back to the Funds (the sale is called a 'redemption') at the then current net asset value per unit, upon the delivery of a redemption request to the Funds' Manager, together with any other documents the Manager may reasonably require. The Net Asset Value per Unit ("NAVPU") for the purposes of subscriptions or redemptions is computed by dividing the net asset value for the series by the total number of units of the series outstanding at such time. Net asset value utilizes closing price to determine fair value, except where the last traded price for financial assets is not within the bid-ask spread, which is consistent with the presentation of net assets in the financial statements. As at December 31, 2017 and 2016, there were no differences between the Funds' NAVPU and its net assets attributable to holders of redeemable units per unit calculated in accordance with IFRS.

Distributions to holders of redeemable units are recognized in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units when they are authorized and no longer at the discretion of the Manager.

f) Income and expense recognition

Dividend income is recognized on the ex-dividend date. Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual basis. Interest receivable is shown separately on the Statements of Financial Position based on the fixed income securities' stated rates of interest. The Funds amortize premiums paid or discounts received on the purchase of fixed income securities using the effective interest rate method. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments. All income, net realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments.

The expenses of each Fund are allocated amongst the series of units on a series-by-series basis. Each series bears any expense that can be specifically attributed to that series. Common expenses, such as audit and custody fees, are allocated amongst the series on a pro rata basis relative to the net asset value of each series.

g) Functional and foreign currencies

The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into Canadian dollars using the exchange rate prevailing at the period-end date.

The Funds do not isolate the foreign exchange component from the total realized and unrealized gains and losses on investments. Foreign exchange gains and losses arising on the translation of foreign cash balances or on the settlement of foreign denominated receivables and amounts payable are recognized in the Statements of Comprehensive Income.

h) 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 Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units for the period, divided by the weighted average number of units outstanding during the period.

i) Income and withholding taxes

The Funds qualify as mutual fund trusts, are subject to tax under the Income Tax Act (the Act) on all of their taxable income (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the period to their unitholders. It is the policy of each Fund to allocate to the unitholders all income of the Fund for the period so that it will not pay any Canadian federal income tax under Part I of the Act. Accordingly, no provision for income taxes has been made in these financial statements.

The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income, where applicable.

C Financial risk management

The following is a general discussion of the financial risks to which the Funds are exposed. Detailed financial risk information applicable to the Fund is included in note 3 of the "Notes to the Financial Statements – Fund Specific Information".

The Funds are exposed to a variety of financial risks, which are concentrated in their investment holdings. The Schedule of Investment Portfolio group securities by asset type, geographic region and market segment, where applicable.

The Funds' risk management practice includes the monitoring of compliance with the investment guidelines contained in the Funds' constating documents. The Manager manages the potential effects of financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions and market events as well as diversifying investment portfolios within the constraints of the Funds' investment guidelines. All investments result in a risk of loss of capital.

a) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Foreign equities are exposed to currency risk as the prices denominated in foreign currencies are converted to the Funds' functional currency in determining fair value.

The Funds may enter into forward currency contracts for economic hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies.

b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities. The Funds' exposure to interest rate risk is concentrated in their investment in fixed income securities (bonds, debentures and short-term notes) and preferred shares. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The Funds' policies require the Manager to manage risk by positioning the portfolios to take advantage of shifts in yield curve by emphasizing the segments fixed income securities within the term maturity that offer the best value, and calculating the average duration of the portfolios of fixed income securities. The average effective duration of the Funds' portfolios is a measure of the sensitivity of the fair value of the Funds' fixed income securities to changes in market interest rates.

c) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Funds' policy is to manage price risk through diversification and selection of securities and other financial instruments within the limits specified in the Funds' constating documents. The Fund has adopted the standard investment restrictions and practices prescribed by Canadian securities regulation and, in addition, will restrict its investments to those prescribed under the Tax Act for Tax Deferred Plans.

d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations in full when they fall due. The fair value of fixed income securities and preferred shares includes consideration of the credit worthiness of the issuer. The main concentration to which a Fund is exposed arises from the Funds' investments in fixed income securities and preferred shares. The Funds' exposure to counterparty credit risk on cash and other receivables is not significant. The carrying value of these financial instruments as recorded in the Statements of Financial Position reflects the Funds' maximum exposure to credit risk.

d) Credit risk…*continued*

The risk management strategy for the Funds is to invest primarily in fixed income securities and preferred shares of higher credit quality issuers and to limit the amount of credit exposure with respect to any one corporate issuer. Credit risk is monitored by the Manager in accordance with the Funds' investment policies. The Funds have adopted the standard investment restrictions and practices prescribed by Canadian securities regulation and, in addition, will restrict its investments to those prescribed under the Tax Act for Tax Deferred Plans.

Transactions in listed securities are settled/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.

e) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and short-term investment holdings to maintain liquidity. The Funds may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid.

f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Funds' policy is to manage concentration risk through appropriate diversification within the limits specified in the Funds' constating documents.

D Related party transactions

g) Management fees

Management fees are paid in respect of managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio, making arrangements for the purchase and sale of units of the Funds by investors and ensuring compliance with the Funds' constating documents. For Series A units, the management fee paid by each Fund is calculated daily as a percentage of the net asset value of Series A units of the Fund and paid monthly. No management fees are charged to the Funds with respect to Series O units. Instead, each Series O investor negotiates a separate fee that is paid directly to the Manager. The annual management fee paid by Series O unitholders will not exceed the annual management fee paid by Series A unitholders.

The Manager may also hire sub-advisors, including those that are related to the Manager, to manage the investment portfolios of the Funds. Any fees paid to sub-advisors are paid directly by the Manager, not the Funds. Currently, sub-advisory services are provided by McLean & Partners Wealth Management Ltd., a subsidiary of CWB Wealth Management Ltd.

At the Manager's discretion, management fees related to individual unitholders may be reduced depending on factors such as investment size or relationship with the unitholder. Refunded amounts are automatically reinvested in additional units of the relevant Fund. The refunded amounts are shown as management fees refunded on the Statements of Comprehensive Income.

h) Operating expenses

In addition to management fees, Series A units pay their direct or proportionate share of all operating and administrative costs including custodian, trustee, audit and legal fees, unitholder servicing costs and costs of preparing and filing financial and regulatory reports. The Manager has agreed to waive fees and expenses charged to Series A units in excess of a specified annual percentage of the net asset value of the series. If within the period between January 1, 2018 and December 31, 2020, Series A fees and expenses are less than the specified percentage, the Manager has the right to seek reimbursement for previously waived costs. After December 31, 2017, the Manager may, but is not obligated to, reduce or waive fees or operating expenses in respect of Series A units.

No operating expenses (other than certain litigation related expenses, if any) are charged to Series O.

E Capital risk management

The capital of the Funds is represented by the net assets attributable to holders of redeemable units with no par value. The amount of net assets attributable to holders of redeemable units can change significantly on a daily basis as the Funds are subject to daily subscriptions and redemptions at the discretion of unitholders. The Funds have no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Funds' objective in managing the assets of the funds is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

In order to maintain or adjust the capital structure, the Funds' policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets and adjust the amount of distributions the Funds pay to redeemable unitholders; and
- redeem and issue new units in accordance with the constitutional documents of the Funds, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Manager monitors capital on the basis of the value of net assets attributable to redeemable unitholders.