

Financial Statements of  
(Expressed in Canadian dollars)

## **ALL WEATHER FUND**

For the period from commencement of operations on March 5, 2019 to June 30, 2019

# ALL WEATHER FUND

For the period from commencement of operations on March 5, 2019 to June 30, 2019

## Table of contents

Independent Auditor's Report.....	1-3
Statement of Financial Position.....	4
Statement of Comprehensive Income.....	5
Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.....	6
Statement of Cash Flows.....	7
Schedule of Investment Portfolio.....	8
Notes to the Financial Statements.....	9-22



KPMG LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5  
Canada  
Tel 416-777-8500  
Fax 416-777-8818

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of All Weather Fund

### ***Opinion***

We have audited the financial statements of All Weather Fund (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of comprehensive income for the period from March 5, 2019 (inception date) to June 30, 2019
- the statement of changes in net assets attributable to holders of redeemable units for the period from March 5, 2019 (inception date) to June 30, 2019
- the statement of cash flows for the period from March 5, 2019 (inception date) to June 30, 2019
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, and its financial performance and its cash flows for the period from March 5, 2019 (inception date) to June 30, 2019 in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

August 15, 2019

# ALL WEATHER FUND

## Statement of Financial Position As at June 30, 2019

---

### ASSETS

#### Current assets

Cash (note 3)	\$	3,040,369
Investments owned, at fair value through profit or loss (notes 3 & 7)		6,906,876
Dividends receivable		18,268
Expense reimbursement receivable (note 8)		16,911
		<u>9,982,424</u>

### LIABILITIES

#### Current liabilities

Accounts payable and accrued liabilities		22,077
Management fees payable (note 5)		5,703
Payable for investments purchased		545,718
		<u>573,498</u>

**Net Assets Attributable to Holders of Redeemable Units** \$ 9,408,926

#### Net Assets Attributable to Holders of Redeemable Units per Class

Class A	\$	1,963,554
Class F		2,337,445
Class W		5,107,927
	\$	<u>9,408,926</u>

#### Number of Redeemable Units Outstanding (note 6)

Class A	196,818
Class F	234,715
Class W	511,005

#### Net Assets Attributable to Holders of Redeemable Units per Unit

Class A	\$	9.98
Class F		9.96
Class W		10.00

See accompanying notes to financial statements.

Approved on behalf of the Manager



..... Waypoint Investment Partners Inc., Manager

# ALL WEATHER FUND

## Statement of Comprehensive Income

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### Income

Interest income for distribution purposes	\$	7,379
Dividends		48,701
Net change in unrealized depreciation in value of investments		(71,859)
Net realized gain on sale of investments, including foreign exchange		7,329
		<hr/>
		(8,450)
		<hr/>

### Expenses

Operating costs		21,898
Management fees (note 5)		8,622
Commissions and other transaction costs		6,096
Withholding taxes		2,072
Interest and bank charges		982
Custodian Fees		635
		<hr/>
		40,305
		<hr/>
Expense reimbursement (note 8)		(16,911)
		<hr/>
		23,394
		<hr/>

**Decrease in Net Assets Attributable to Holders of Redeemable Units** \$ (31,844)

### Decrease in Net Assets Attributable to Holders of Redeemable Units per Class

Class A	\$	(8,735)
Class F		(8,555)
Class W		(14,554)
		<hr/>
	\$	(31,844)
		<hr/>

### Decrease in Net Assets Attributable to Holders of Redeemable Units per Unit (note 9)

Class A	\$	(0.09)
Class F		(0.06)
Class W		(0.04)

See accompanying notes to financial statements.

# ALL WEATHER FUND

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2019</b>					
Class A	\$ —	\$ 1,972,289	\$ —	\$(8,735)	\$ 1,963,554
Class F	—	2,346,000	—	(8,555)	2,337,445
Class W	—	5,573,980	(451,499)	(14,554)	5,107,927
	\$ —	\$ 9,892,269	\$ (451,499)	\$(31,844)	\$ 9,408,926

See accompanying notes to financial statements.

# ALL WEATHER FUND

## Statement of Cash Flows

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### Cash provided by (used in):

#### Operating Activities

Decrease in Net Assets Attributable to Holders of Redeemable Units	\$	(31,844)
Adjustments for non-cash items		
Commissions and other transaction costs		6,096
Net change in unrealized depreciation in value of investments		71,859
Net realized gain on sale of investments, including foreign exchange		(7,329)
Change in non-cash balances		
Increase in dividends receivable		(18,268)
Increase in expense reimbursement receivable		(16,911)
Increase in accounts payable and accrued liabilities		22,077
Increase in management fees payable		5,703
Increase in payable for investments purchased		545,718
Proceeds from sale of investments		844,856
Purchase of investments		(7,817,888)
		<hr/>
Cash used in operating activities		(6,395,931)

#### Financing Activities

Proceeds from issue of redeemable units		9,892,269
Payment on redemption of redeemable units		(451,499)
		<hr/>
Cash provided by financing activities		9,440,770

Increase in cash during the period		3,044,839
Foreign exchange loss on cash		(4,470)
Cash, beginning of period		—
		<hr/>
<b>Cash, end of period</b>	<b>\$</b>	<b>3,040,369</b>

#### Supplemental information\*

Interest paid	\$	158
Interest received		7,379
Dividends received, net of withholding taxes		19,301

\*Included as a part of cash flows from operating activities

See accompanying notes to financial statements.

# ALL WEATHER FUND

## Schedule of Investment Portfolio As at June 30, 2019

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian equities</b>				
78,139	Aimia Inc.	\$ 276,876	\$ 298,488	3.17
29,813	AirBoss of America Corp.	260,536	252,814	2.69
3,700	Brookfield Business Partners LP	186,951	188,663	2.01
5,450	Brookfield Infrastructure Partners LP	303,178	305,909	3.25
12,425	Brookfield Property Partners LP	332,278	307,395	3.27
45,691	Chesswood Group Ltd.	486,577	459,195	4.87
56,277	Chorus Aviation Inc.	419,451	434,458	4.61
7,237	Corby Spirit and Wine Ltd.	131,116	131,352	1.40
12,078	Dream Office Real Estate Investment Trust	287,180	285,524	3.03
17,750	Evertz Technologies Ltd.	294,660	325,180	3.46
37,291	Knight Therapeutics Inc.	285,131	287,887	3.06
500	Morguard Corp.	96,500	93,650	1.00
2,816	New Look Vision Group Inc.	86,196	96,786	1.03
16,683	Northland Power Inc.	409,778	425,417	4.52
7,334	Parkland Fuel Corp.	293,983	304,728	3.24
7,202	Pollard Banknote Ltd.	161,409	173,928	1.85
20,363	Sienna Senior Living Inc.	381,924	396,060	4.21
14,700	SIR Royalty Income Fund	224,581	229,320	2.44
111,039	The Westaim Corp.	300,918	294,253	3.13
8,003	Vermilion Energy Inc.	256,631	227,685	2.42
45,821	VersaBank	334,843	326,704	3.47
11,664	Wajax Corp.	191,174	183,475	1.95
		<u>6,001,871</u>	<u>6,028,871</u>	<u>64.08</u>
<b>Canadian options</b>				
40,000	iShares S&P/TSX 60 Index ETF Put \$23 20SEP19	22,400	6,600	0.07
62,500	iShares S&P/TSX 60 Index ETF Put \$23.50 19JUL19	15,938	2,813	0.03
62,500	iShares S&P/TSX 60 Index ETF Put \$24 20SEP19	35,938	21,250	0.23
214,000	iShares S&P/TSX 60 Index ETF Put \$24.50 20SEP19	107,000	107,000	1.13
		<u>181,276</u>	<u>137,663</u>	<u>1.46</u>
<b>U.S. equities</b>				
19,250	Fairfax India Holdings Corp.	359,690	320,177	3.40
24,213	WPT Industrial Real Estate Investment Trust	440,103	420,165	4.47
		<u>799,793</u>	<u>740,342</u>	<u>7.87</u>
	<b>Total investments owned</b>	6,982,940	6,906,876	73.41
	Commissions and other portfolio transaction costs	<u>(4,203)</u>	<u>—</u>	<u>—</u>
	<b>Net investments owned</b>	<u>\$ 6,978,737</u>	6,906,876	73.41
	<b>Other assets, net</b>		<u>2,502,050</u>	<u>26.59</u>
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>\$ 9,408,926</u>	<u>100.00</u>

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 1. Establishment of Fund:

All Weather Fund (the “Fund”) is an open-ended trust established on February 1, 2019 under the laws of the Province of Ontario and is governed by a declaration of trust, as amended, restated or supplemented from time to time (the “Declaration of Trust”). The Fund commenced active operations on March 5, 2019. Waypoint Investment Partners Inc. (the “Manager” and “Trustee”), a corporation existing under the laws of the Province of Ontario, acts as the investment fund manager and the trustee of the Fund pursuant to the Declaration of Trust. The Manager has the exclusive authority to manage and direct the affairs of the Fund. The Manager’s responsibilities include providing or causing to be provided to all investment advisory, accounting, legal, custodial and distribution services required by the Fund from time to time for its operation. The Manager may delegate any part of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

SGGG Fund Services Inc. (the “Administrator”) acts as the administrator of the Fund. National Bank Independent Network, a division of National Bank Financial Inc., acts as the custodian (the “Custodian”) of the Fund.

The address of the Fund's registered office is 1133 Yonge St, Suite 600, Toronto, Ontario, M4T 2Y7, Canada.

The Fund seeks to provide investors with superior risk-adjusted investment returns over the long term by investing in, or obtaining exposure to, issuers that the Manager believes are not typically included in institutional investment mandates. To achieve this objective, the Fund focuses its investment portfolio on companies that distribute a significant percentage of their free cash flow to shareholders and companies that regularly access capital markets to accelerate their growth. The Fund also uses an options overlay strategy to manage market volatility.

## 2. Basis of presentation:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and International Accounting Standard 34, Interim Financial Reporting. The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 15, 2019 which is the date on which the interim financial statements were authorized for issue by the Manager.

The financial statements of the Fund are expressed in Canadian dollars.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### 3. Significant accounting policies:

The following is a summary of the significant accounting policies applied by the Fund:

(a) Classification of financial instruments:

The Fund classifies its investments as financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

All other financial assets and financial liabilities classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate, minus any reduction for impairment. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value ("Trading NAV") for transactions with unitholders.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### 3. Significant accounting policies (continued):

(b) Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

(c) Recognition/derecognition:

The Fund recognizes financial assets or financial liabilities on the trade date - the date it commits to purchase or sell short the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statement of comprehensive income.

Other financial assets are derecognized and only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

(d) Net assets attributable to holders of redeemable units, per unit:

The net assets attributable to holders of redeemable units, per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class or series of units by the total number of units of that particular class or series outstanding at the end of the period.

(e) Decrease in net assets attributable to holders per unit:

Decrease in net assets attributable to holders of redeemable units per unit is based on the decrease in net assets attributable to holders of redeemable units attributed to each class or series of units, divided by the weighted average number of units outstanding of that class or series during the period. Refer to Note 9 for the calculation.

(f) Use of estimates:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### 3. Significant accounting policies (continued):

(g) Valuation of investments:

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(h) Investment transactions and revenue recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

The interest income for distribution purposes shown on the statement of comprehensive income represents the coupon interest received 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.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### 3. Significant accounting policies (continued):

(i) Translation of foreign currency:

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00 pm Toronto Time (the "closing rate") on each Valuation Date (the last business day of each week or such other day(s) as the Manager may determine). Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

(j) Transaction costs:

Transaction costs related to financial assets and liabilities are expensed as incurred.

(k) Purchase and redemption of redeemable units:

The value at which units are listed or redeemed is determined by dividing the net assets attributable to holders of redeemable units at fair value of the Fund by the total number of units outstanding on the Valuation Date. The Fund is valued weekly on the Valuation Date. Amounts received on the issuance of redeemable units and amounts paid on the redemption of redeemable units are added to or deducted from the statement of changes in net assets attributable to holders of redeemable units.

(l) Cash:

Cash is comprised of cash on deposit.

(m) Derivative transactions:

The Fund may use derivative contracts to manage risks associated with the investments. The derivatives are classified as FVTPL and, as a result, the contracts are measured at fair value on the Valuation Date and the resulting gains and losses, both realized and unrealized, are recognized in the statement of comprehensive income.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

### 3. Significant accounting policies (continued):

(n) Other assets and liabilities:

Dividends receivable and expense reimbursement receivable are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Accounts payable and accrued liabilities, management fees payable and payable for investments purchased are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of being incurred. Other assets and liabilities are short term in nature, and are carried at amortized cost which approximates fair value.

### 4. Critical accounting estimates and judgments:

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL, per IFRS 9.

### 5. Related party transactions:

(a) Management fees:

The Fund pays the Manager a monthly management fee for providing its services to the Fund. Redeemable units of the Fund, other than Class I units, are charged annual management fees equal to the following percentages of the class net asset value of the said class of the Fund, calculated and accrued on each Valuation Date and payable monthly:

---

Class A	1.00%
Class F	1.00%
Class F (US)	1.00%
Class W	Nil

---

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 5. Related party transactions (continued):

### (a) Management fees (continued):

For Class I units, no management fee is charged to the Fund as each investor negotiates a separate management fee with the Manager and pays it directly to the Manager. Management fees are subject to applicable taxes, including GST or HST.

### (b) Performance fees:

The Manager receives performance fees from the Fund equal to 10% of any positive net returns (before sales tax) in excess of 10% for each calendar year attributable to each Class A, Class F and Class F (US) units. The performance fees are accrued weekly on each Valuation Date and are payable monthly. The performance fee resets at the start of each calendar year. Performance fees are subject to applicable taxes, including QST, GST or HST.

In the case of Class I units, performance fees, if any, are negotiated with each unitholder and paid directly to the Manager. No performance fee is charged to the Fund in respect of Class W units.

### (c) Management fee rebates:

The Manager may agree to rebate a portion of the management fee that it receives from the Fund or a unitholder with respect to the unitholder's investment in the Fund. The amount of this rebate is distributed to such unitholder by the Manager (called a "management fee rebate"). In this way, the cost of management fee rebates is effectively borne by the Manager. All management fee rebates are automatically reinvested in additional units of the relevant class or series of the Fund. Management fee rebates are negotiable between the Manager and the unitholder, and are primarily based on the size of the investment in the Fund.

## 6. Redeemable units of the Fund:

An investment in the Fund is represented by units. The Fund is authorized to issue an unlimited number of classes (each, a "Class"), each issuable in an unlimited number of series (each, a "Series"). The Fund is authorized to issue an unlimited number of units within each Series. The Fund may offer new Classes or Series at any time. Holders of the units of a Series are unitholders (the "Unitholders"). The Manager has the power to determine the terms and conditions of each Series. Each unit of a Class represents an undivided ownership interest in the assets attributable to that Class of units of the Fund.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 6. Redeemable units of the Fund (continued):

All units of the same Class or Series have equal rights and privileges. Each whole unit of a particular Class or Series is entitled to one vote at meetings of Unitholders of the Fund where all Class or Series vote together, or to one vote at meetings of Unitholders where that particular Class or Series of Unitholders votes separately as a Class or Series. The Trustee, in its discretion, determines the number of Class or Series of units and establishes the attributes of each Class or Series. The Trustee may add additional Class or Series of units at any time without the prior approval of Unitholders, which may have the same or different rights from those of the existing Class or Series. The Trustee may also, upon providing a Unitholder with thirty (30) days' prior written notice, re-designate units of a Class or Series issued to the Unitholder as units of another Class or Series having an aggregate equivalent Class or Series Net Asset Value.

All units of the same Class or Series are entitled to participate pro rata: (i) in any payments or distributions made by the Fund to the Unitholders of the same Class or Series; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class or Series of net assets of the Fund remaining after satisfaction of outstanding liabilities of such Class or Series.

All units are fully paid and non-assessable when issued. There are no pre-emptive rights attaching to units. Units are transferable on the register of the Fund only by a registered Unitholder or his or her legal representative, subject to compliance with securities laws and the Declaration of Trust. Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. As of June 30, 2019, Class A, Class F and Class W units have been issued.

Units may be purchased as of the close of business on the last Valuation Date of each week or on any other day as determined by the Manager, in its discretion, provided a duly completed subscription agreement and the required payment has been delivered to (or otherwise arranged to be delivered to) and accepted by the Manager no later than 4:00 p.m. (Toronto time) on such Valuation Date.

A Unitholder may redeem Units at the applicable Class or Series Net Asset Value per Unit on the Valuation Date, subject to adjustment as described below. A notice of redemption must be delivered to the Manager or entered into FundSERV by 4:00pm on the Valuation Date on which the Unitholder wishes to redeem units, or such time as permitted by the Manager in its sole discretion. Redemption requests received or FundSERV redemption orders entered after that time will be effective for redemption following the next Valuation Date. The redemption proceeds are typically paid to a Unitholder who redeems units by providing to the redeeming Unitholder a cheque or wire transfer or by such other manner of payment permitted by the Manager, on or before the third business day following the redemption Valuation Date.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

## 6. Redeemable units of the Fund (continued):

The unit activity during the period ended June 30, 2019 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemption of Redeemable Units	Redeemable Units, end of period
<b>June 30, 2019</b>				
Class A	–	196,818	–	196,818
Class F	–	234,715	–	234,715
Class W	–	556,100	(45,095)	511,005

### *Distributions*

For each taxation year, the Fund ensures that its income and net realized capital gains, if any, have been paid or made payable on or before December 31 to Unitholders to such an extent that the Fund will not be liable for ordinary income tax thereon. To the extent that the Fund has not distributed the full amount of its net income and capital gains for any year, the difference between such amount and the amount actually paid or made payable by the Fund will be paid in Units. Any such Units will be issued at a price equal to the NAV per Unit of the relevant Class of the Fund and the Units will be automatically consolidated such that the number of outstanding Units of a Class held by each Unitholder following the distribution will equal the number of Units of that Class held by such Unitholder prior to the distribution.

### *Capital disclosure*

The capital of the Fund is represented by issued and redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset attributable to holders of redeemable units per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 7. Financial instruments:

### (a) Management of financial instrument risks:

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the type of securities in which it invests.

### (b) Liquidity risk:

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity. As at June 30, 2019, all financial liabilities of the Fund are due between one and three months.

### (c) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. As at June 30, 2019, the Fund did not have significant exposure to interest rate risk.

### (d) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objective and strategy. Possible losses from short positions can be unlimited. The Fund's overall market positions are monitored on a regular basis by the Manager.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 7. Financial instruments (continued):

### (d) Other price risk (continued):

Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments. A 10% movement in stock prices could result in a \$690,688 change in net assets attributable to holders of redeemable units.

### (e) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

All transactions executed by the Fund 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.

As at June 30, 2019, the Fund did not have significant investments in debt instruments.

### (f) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which represents the functional currency of the Fund. The Fund may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

## 7. Financial instruments (continued):

(f) Currency risk (continued):

As at June 30, 2019, the currency risk related to the Fund is shown below.

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>June 30, 2019</b>						
U.S. Dollar	\$ 115,253	\$ 740,342	\$ 855,595	\$ 5,763	\$ 37,017	\$ 42,780
	\$ 115,253	\$ 740,342	\$ 855,595	\$ 5,763	\$ 37,017	\$ 42,780
% of Net Assets						
Attributable to Holders						
of Redeemable Units	1.22	7.87	9.09	0.06	0.39	0.45

(g) Fair values of financial instruments:

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

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); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Common stocks	\$ 6,769,213	\$ —	\$ —	\$ 6,769,213
Options	137,663	—	—	137,663
	\$ 6,906,876	\$ —	\$ —	\$ 6,906,876

There were no transfers between levels during the period ended June 30, 2019.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

## 7. Financial instruments (continued):

(h) Financial instruments measured by category:

The following table presents the carrying amounts of the Fund's financial assets by category as at June 30, 2019. All of the Fund's financial liabilities, other than its net assets attributable to holders of redeemable units, as at June 30, 2019 were carried at amortized cost.

	Financial instruments at FVTPL	Financial investments at amortized cost	Total
<b>Assets</b>			
Cash	\$ –	\$ 3,031,308	\$ 3,031,308
Investments owned, at fair value through profit or loss	6,906,876	–	6,906,876
Interest and dividends receivable	–	27,329	27,329
Expense reimbursement receivable	–	16,911	16,911
	\$ 6,906,876	\$ 3,075,548	\$ 9,982,424

## 8. Expenses:

The Fund pays its own organizational fees and expenses and the costs of the offering of its securities, including but without limitation, the fees and expenses of the Manager and fees and expenses of legal counsel and auditors. The Manager is entitled to be reimbursed for expenses incurred by it on behalf of each Fund in connection with such Fund's organization and offering of securities.

The Fund pays all of its operating expenses including, without limitation, expenses relating to: marketing and distribution; accounting, audit and legal fees and expenses; brokerage commission and fees and expenses; cost of portfolio transactions; operating, custodial and administration fees, costs and expenses; Unitholder reporting, meetings and other communications with Unitholders; interest and bank charges; regulatory filing fees; applicable taxes, assessments or other regulatory and governmental charges; and extraordinary expenses. The Fund is generally required to pay HST (and other applicable taxes, if any) at the applicable rate on most expenses that it pays.

Each Class is responsible for the operating expenses that relate to that particular Class and for its proportionate share of the operating expenses that are applicable to all the Classes of the applicable Fund. These specific expenses, unique to each Class, are payable from the assets attributed to that Class of the Fund.

# ALL WEATHER FUND

Notes to the financial statements

For the period from commencement of operations on March 5, 2019 to June 30, 2019

---

## 8. Expenses (continued):

The Manager may from time to time pay for certain operating expenses of the Fund to maintain the Fund's management expense ratio at a competitive level. During the period ended June 30, 2019, the Manager agreed to reimburse the Fund for expenses amounting to \$16,911 and the expense reimbursement receivable from the Manager at June 30, 2019 amounted to \$16,911.

## 9. Decrease in net assets attributable to holders of redeemable units per unit:

The decrease in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2019 is calculated as follows:

	Decrease in Net Assets Attributable to Holders of Redeemable Units per Class	Weighted Average of Redeemable Units Outstanding During the Period	Decrease in Net Assets Attributable to Holders of Redeemable Units per Unit
<b>June 30, 2019</b>			
Class A	\$ (8,735)	94,370	\$ (0.09)
Class F	(8,555)	142,496	(0.06)
Class W	(14,554)	332,732	(0.04)

---

## 10. Income taxes:

The Fund expects to qualify as a mutual fund trust under the provisions of the *Income Tax Act*, and accordingly, is not subject to tax on its net taxable income for the tax year, which ends in December, including net realized capital gains, which is paid or payable to its Unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

## 11. Filing exemption:

The Fund is relying on the exemption pursuant to Section 2.11 of "National Instrument 81-106" not to file its financial statements with the applicable Provincial Securities Commission.