EDGEPOINT

EdgePoint Global Portfolio

Financial Statements

For the year ended December 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Financial Statements have been prepared by the Manager, EdgePoint Wealth Management Inc., on behalf of EdgePoint Global Portfolio (the "Fund"). Management is responsible for the information and representations contained in these Financial Statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts based on estimates and assumptions. The significant accounting policies that management believes are appropriate for the Fund are described in Note 3 to the Financial Statements.

KPMG LLP, the Fund's external auditor, has audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the Financial Statements. Their report, as auditors, is set forth herein.

The Board of Directors is responsible for reviewing and approving the Fund's Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditors. The Board of Directors is composed of senior management of the Manager. For all series of units of the Fund, the Financial Statements have been reviewed and approved by the Board of Directors.

Patrick Farmer
Chief Executive Officer and Director
March 7, 2019

Norman Tang
Director of Finance, as Chief Financial Officer
March 7, 2019

Independent Auditors' Report

To the Unitholders of EdgePoint Global Portfolio

Opinion

We have audited the financial statements of EdgePoint Global Portfolio (the Entity), which comprise:

- the statements of financial position as at December 31, 2018 and 2017
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to unitholders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- 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 December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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.
- 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
March 7, 2019

(in '000s except per unit amounts and number of units)

	2018	2017
Assets		
Investments at fair value*	$ 9,450,467	$ 7,117,812
Foreign exchange forward contracts at fair value	–	7,957
Cash and cash equivalents	272,202	1,113,582
Receivable for units subscribed	24,522	29,236
Dividends receivable	5,964	3,328
Receivable for securities sold	1,967	43
Interest and other receivables	153	–
Total assets	$ 9,755,275	$ 8,271,958
Liabilities excluding net assets attributable to unitholders of redeemable units		
Foreign exchange forward contracts at fair value	$ 40,098	$ –
Payable for units redeemed	16,380	7,947
Payable for securities purchased	5,626	9,309
Accrued liabilites	–	302
Total liabilities	$ 62,104	$ 17,558
Net assets attributable to unitholders of redeemable units	$ 9,693,171	$ 8,254,400
Net assets attributable to unitholders of redeemable units		
Series A	$ 2,841,407	$ 2,481,783
Series A(N)	1,107,987	964,920
Series B	164,824	230,828
Series B(N)	51,229	73,479
Series F	3,252,113	2,613,498
Series F(N)	1,079,666	770,801
Series I	1,195,945	1,119,091
Number of units outstanding		
Series A	104,265,416	81,732,965
Series A(N)	40,811,210	31,831,001
Series B	6,000,332	7,541,804
Series B(N)	1,861,176	2,397,778
Series F	120,648,148	85,551,939
Series F(N)	40,235,182	25,312,943
Series I	44,290,718	36,189,592
Net assets attributable to unitholders of redeemable units, per unit		
Series A	$ 27.25	$ 30.36
Series A(N)	27.15	30.31
Series B	27.47	30.61
Series B(N)	27.53	30.64
Series F	26.96	30.55
Series F(N)	26.83	30.45
Series I	27.00	30.92

*Cost of investments is reflected in the *Schedule of Investment Portfolio.*

The accompanying notes are an integral part of these annual Financial Statements.

ON BEHALF OF THE BOARD:

Tye Bousada, Director

Geoff MacDonald, Director

(in '000s except per unit amounts)

	2018	2017
Income:		
Dividends	$ 140,508	$ 75,660
Interest for distribution purposes	9,752	2,596
Foreign currency gain (loss) on cash and other net assets	86	(3,111)
Income from securities lending	410	–
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain (loss) on investments	1,005,595	807,269
Net realized gain (loss) on foreign exchange forward contracts	(6,896)	65,042
Change in unrealized appreciation (depreciation) on investments and derivatives	(1,366,070)	283,229
	$ (216,615)	$ 1,230,685
Expenses:		
Management fees (Note 4)	$ 113,177	$ 80,753
Foreign withholding tax	15,841	9,620
Goods and Service Tax / Harmonized Sales Tax	13,286	9,552
Transaction costs	6,313	4,775
Administration and transfer agent fees (Note 4)	3,786	2,996
Custody fees	695	222
Unitholder reporting	133	162
Filing fees	160	70
Audit fees	78	84
Fund accounting	84	60
Independent Review Committee fees	26	36
Legal fees	19	27
Total expenses	$ 153,598	$ 108,357
Increase (decrease) in net assets attributable to unitholders of redeemable units	$ (370,213)	$ 1,122,328
Increase (decrease) in net assets attributable to unitholders of redeemable units		
Series A	$ (124,919)	$ 333,650
Series A(N)	(46,427)	129,456
Series B	(3,480)	35,335
Series B(N)	(873)	11,192
Series F	(125,891)	338,004
Series F(N)	(46,936)	96,640
Series I	(21,687)	169,241
Series O	–	8,810
Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit		
Series A	$ (1.37)	$ 4.68
Series A(N)	(1.30)	4.72
Series B	(0.53)	4.53
Series B(N)	(0.43)	4.62
Series F	(1.22)	5.12
Series F(N)	(1.45)	5.15
Series I	(0.57)	5.56
Series O	–	1.83

The accompanying notes are an integral part of these annual Financial Statements.

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units (in '000s except number of units)

	Series A 2018	Series A 2017	Series A(N) 2018	Series A(N) 2017	Series B 2018	Series B 2017
Net assets attributable to unitholders of redeemable units, beginning of year	$ 2,481,783	$ 1,858,931	$ 964,920	$ 716,323	$ 230,828	$ 267,359
Increase (decrease) in net assets attributable to unitholders of redeemable units	(124,919)	333,650	(46,427)	129,456	(3,480)	35,335
Redeemable unit transactions:						
Proceeds from issue of redeemable units	989,389	683,270	356,854	248,457	60,823	48,673
Reinvestment of distributions to unitholders of redeemable units	195,295	172,902	79,288	69,805	10,668	13,002
Redemption of redeemable units	(498,649)	(388,676)	(164,528)	(127,144)	(122,666)	(119,825)
Distributions to Unitholders of Redeemable Units Capital gains	(201,492)	(178,294)	(82,120)	(71,977)	(11,349)	(13,716)
Net increase (decrease) in net assets attributable to unitholders of redeemable units	359,624	622,852	143,067	248,597	(66,004)	(36,531)
Net assets attributable to unitholders of redeemable units at end of year	$ 2,841,407	$ 2,481,783	$ 1,107,987	$ 964,920	$ 164,824	$ 230,828
Redeemable units issued and outstanding:						
Balance, beginning of year	81,732,965	66,363,328	31,831,001	25,573,670	7,541,804	9,567,702
Redeemable units issued for cash, including reinvested distributions	38,389,689	28,247,983	14,174,544	10,469,703	2,287,442	2,030,637
Redeemable units redeemed	(15,857,238)	(12,878,346)	(5,194,335)	(4,212,372)	(3,828,914)	(4,056,535)
Balance, end of year	104,265,416	81,732,965	40,811,210	31,831,001	6,000,332	7,541,804

	Series B(N) 2018	Series B(N) 2017	Series F 2018	Series F 2017	Series F(N) 2018	Series F(N) 2017
Net assets attributable to unitholders of redeemable units, beginning of year	$ 73,479	$ 80,847	$ 2,613,498	$ 1,460,833	$ 770,801	$ 401,488
Increase (decrease) in net assets attributable to unitholders of redeemable units	(873)	11,192	(125,891)	338,004	(46,936)	96,640
Redeemable unit transactions:						
Proceeds from issue of redeemable units	14,631	18,459	1,390,220	1,091,742	534,570	358,816
Reinvestment of distributions to unitholders of redeemable units	3,117	4,162	261,030	201,208	86,525	59,552
Redemption of redeemable units	(35,508)	(36,495)	(573,100)	(237,857)	(158,188)	(72,691)
Distributions to Unitholders of Redeemable Units Capital gains	(3,617)	(4,686)	(313,644)	(240,432)	(107,106)	(73,004)
Net increase (decrease) in net assets attributable to unitholders of redeemable units	(22,250)	(7,368)	638,615	1,152,665	308,865	369,313
Net assets attributable to unitholders of redeemable units at end of year	$ 51,229	$ 73,479	$ 3,252,113	$ 2,613,498	$ 1,079,666	$ 770,801
Redeemable units issued and outstanding:						
Balance, beginning of year	2,397,778	2,880,989	85,551,939	51,245,259	25,312,943	14,111,341
Redeemable units issued for cash, including reinvested distributions	570,274	741,713	53,417,155	41,916,235	19,963,291	13,533,617
Redeemable units redeemed	(1,106,876)	(1,224,924)	(18,320,946)	(7,609,555)	(5,041,052)	(2,332,015)
Balance, end of year	1,861,176	2,397,778	120,648,148	85,551,939	40,235,182	25,312,943

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units (in '000s except number of units)

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net assets attributable to unitholders of redeemable units, beginning of year	$ 1,119,091	$ 859,708	–	$ 107,690	$ 8,254,400	$ 5,753,179
Increase (decrease) in net assets attributable to unitholders of redeemable units	(21,687)	169,241	–	8,810	(370,213)	1,122,328
Redeemable unit transactions:						
Proceeds from issue of redeemable units	228,686	256,909	–	2,224	3,575,173	2,708,550
Reinvestment of distributions to unitholders of redeemable units	122,601	108,414	–	–	758,523	629,045
Redemption of redeemable units	(115,502)	(153,292)	–	(118,724)	(1,668,142)	(1,254,704)
Distributions to Unitholders of Redeemable Units Capital gains	(137,244)	(121,889)	–	–	(856,570)	(703,998)
Net increase (decrease) in net assets attributable to unitholders of redeemable units	76,854	259,383	–	(107,690)	1,438,771	2,501,221
Net assets attributable to unitholders of redeemable units at end of year	$ 1,195,945	$ 1,119,091	–	$ –	$ 9,693,171	$ 8,254,400
Redeemable units issued and outstanding:						
Balance, beginning of year	36,189,592	29,588,946	–	5,156,289		
Redeemable units issued for cash, including reinvested distributions	11,677,684	11,511,410	–	103,401		
Redeemable units redeemed	(3,576,558)	(4,910,764)	–	(5,259,690)		
Balance, end of year	44,290,718	36,189,592	–	–		

The accompanying notes are an integral part of these annual Financial Statements.

Statement of Cash Flows (in '000s)

		2018	2017
Cash flow from (used by) operating activities			
Increase (decrease) in net assets attributable to unitholders of redeemable units	$	(370,213)	1,122,328
Adjustments for:			
Foreign currency (gain) loss on cash and other net assets		(86)	3,111
Net realized (gain) loss on investments and derivatives		(1,005,595)	(807,269)
Net realized (gain) loss on foreign exchange forward contracts		6,896	(65,042)
Change in unrealized (appreciation) depreciation on investments and derivatives		1,366,070	(283,229)
(Increase) decrease in interest and other receivables		(153)	–
(Increase) decrease in dividends receivable		(2,636)	676
Increase (decrease) in accrued liabilities		(302)	(3,213)
Purchase of investments		(5,968,768)	(3,688,266)
Proceeds from the sales of investments		3,318,086	2,543,646
Proceeds from (to) settlement of foreign exchange forward contracts		(6,896)	65,042
Net cash generated from (used by) operating activities	$	(2,663,597)	(1,112,216)
Cash flows from (used by) financing activities			
Distributions to unitholders of redeemable units, net of reinvested distributions	$	(98,047)	(74,953)
Proceeds from redeemable units issued		3,579,887	2,694,175
Amount paid on redemption of redeemable units		(1,659,709)	(1,252,174)
Net cash generated from (used by) financing activities	$	1,822,131	1,367,048
Net increase (decrease) in cash and cash equivalents	$	(841,466)	254,832
Foreign currency gain (loss) on cash and other net assets		86	(3,111)
Cash and cash equivalents, beginning of year		1,113,582	861,861
Cash and cash equivalents, end of year	$	272,202	1,113,582
Cash and cash equivalents comprise:			
Cash at bank	$	272,202	1,113,582
	$	272,202	1,113,582
Interest received, net of withholding tax	$	9,599	2,596
Dividends received, net of withholding tax	$	122,031	66,716

The accompanying notes are an integral part of these annual Financial Statements.

(in '000s except number of shares/units)

Number of shares/units	Security	Average cost	Fair value	% of net assets
	Equities			
	Banks			
8,100,986	Wells Fargo & Co.	$ 474,950	$ 509,620	5.26%
		474,950	509,620	5.26%
	Communication Services			
67,178,334	Bharti Infratel Limited	391,696	340,233	3.51%
4,408,826	Sogou Inc.	51,755	31,599	0.33%
		443,451	371,832	3.84%
	Consumer Discretionary			
14,356,294	Subaru Corp.	587,242	422,008	4.35%
2,556,626	Cie Financiere Richemont SA	277,860	223,715	2.31%
4,681,543	Aramark	210,994	185,154	1.91%
8,985,412	Mattel Inc.	165,432	122,546	1.26%
939,470	Salvatore Ferragamo SpA	30,800	25,944	0.27%
302,191	Delticom AG	16,424	3,394	0.03%
		1,288,752	982,761	10.13%
	Consumer Staples			
6,413,194	Shiseido Co. Ltd.	211,702	550,536	5.68%
1,613,557	PriceSmart Inc.	164,441	130,187	1.34%
1,034,286	Kweichow Moutai Co Ltd.	136,565	121,342	1.25%
		512,708	802,065	8.27%
	Diversified Financials			
1,099	Berkshire Hathaway Inc.	355,824	459,109	4.74%
2,394,199	Affiliated Managers Group Inc.	456,314	318,488	3.29%
296,657	Berkshire Hathaway Inc.	53,315	82,692	0.85%
		865,453	860,289	8.88%
	Energy			
14,439,326	PrairieSky Royalty Ltd.	381,739	255,143	2.63%
		381,739	255,143	2.63%
	Health Care			
1,186,095	Genmab AS	233,407	265,258	2.74%
8,742,619	Swedish Orphan Biovitrum AB	191,589	259,906	2.68%
2,195,959	Shionogi & Co. Ltd.	148,039	171,525	1.77%
		573,035	696,689	7.19%
	Industrials			
5,338,369	CSX Corp.	356,488	452,800	4.67%
8,352,540	Flowserve Corp.	486,369	433,538	4.47%
2,831,669	Middleby Corp.	429,264	397,133	4.10%
2,421,553	WABCO Holdings Inc.	295,813	354,856	3.66%
17,738,691	Mitsubishi Electric Corp.	350,933	268,781	2.77%
12,973,755	Kubota Corp.	260,390	252,333	2.61%
3,475,527	Generac Holdings Inc.	176,440	235,816	2.43%
2,149,194	WESCO International Inc.	155,487	140,836	1.46%
7,773,529	Grafton Group PLC	78,247	86,976	0.90%
		2,589,431	2,623,069	27.07%
	Information Technology			
4,027,166	TE Connectivity Ltd.	354,990	415,805	4.29%
2,722,912	Fidelity National Information Services Inc.	381,998	381,211	3.93%
284,603	Constellation Software Inc.	196,411	248,703	2.57%
907,850	Ubiquiti Networks Inc.	49,641	123,209	1.27%
2,399,937	EchoStar Corp.	129,155	120,309	1.24%
755,719	Digi International Inc.	7,076	10,410	0.11%
		1,119,271	1,299,647	13.41%

(in ’000s except number of shares/units)

Number of shares/units	Security		Average cost		Fair value	% of net assets
	Insurance					
328,411	Fairfax Financial Holdings Ltd.	$	223,195	$	197,368	2.03%
8,000,136	Manulife Financial Corp.		167,094		154,963	1.60%
5,233,234	T&D Holdings Inc.		107,746		83,370	0.86%
			498,035		435,701	4.49%
	Materials					
3,308,350	Crown Holdings Inc.		190,778		187,753	1.94%
			190,778		187,753	1.94%
	Real Estate					
8,996,707	Realogy Holdings Corp.		368,303		180,304	1.86%
2,783,282	Seritage Growth Properties		139,192		122,846	1.27%
3,746,741	Grand City Properties SA		94,511		111,058	1.14%
			602,006		414,208	4.27%
	Total Equities	$	9,539,609	$	9,438,777	97.38%
	Options (Note 9)		20,017		11,690	0.12%
	Adjustment for transaction costs		(7,554)			
	Total Investments	$	9,552,072	$	9,450,467	97.50%
	Foreign exchange forward contracts (Note 10)			$	(40,098)	-0.41%
Other assets, less liabilities				$	282,802	2.91%
Net assets attributable to unitholders of redeemable units				$	9,693,171	100.00%

1. **The Fund:**

(a) EdgePoint Global Portfolio (the "Fund") is an open-ended mutual fund trust created on November 10, 2008 by declaration of trust under the laws of the Province of Ontario. EdgePoint Wealth Management Inc. ("EdgePoint") is the Fund's manager ("Manager") and trustee, and EdgePoint Investment Group Inc. is the Investment Advisor. The Fund commenced operations on November 17, 2008 with four series of units: Series A, Series B, Series F and Series I. On September 1, 2009, the Fund began offering Series O units. On August 3, 2010, the Fund began offering Series A(N), Series B(N) and Series F(N) units. On May 1, 2017, the Fund discontinued offering Series O units and closed the series. On January 1, 2019, the Fund closed Series B and Series B(N) units from new purchases.

The registered office of the Manager is located at 150 Bloor St. W., Suite 500, Toronto, Ontario, M5S 2X9, Canada.

The investment objective of the Fund is to provide long-term capital appreciation by investing primarily in global companies that the portfolio management team believes have strong competitive positions, long-term growth prospects and are run by competent management teams. The portfolio management team endeavours to acquire ownership stakes in these companies at prices below its assessment of each company's true value.

(b) The Fund's authorized capital consists of an unlimited number of units and series without par value. The number of outstanding units of each series is disclosed in the *Statements of Financial Position*. Series A and Series B units are available to retail investors. Series F units are available to all investors who participate in fee-based programs through an investment dealer who has signed an agreement with EdgePoint. Series A(N), Series B(N) and Series F(N) units have the same requirements except they are available only to investors residing in provinces that have not harmonized their provincial sales taxes with the federal Goods and Services Tax. Series I is for investors who meet minimum investment thresholds and have entered into a Series I Subscription Agreement with EdgePoint.

2. **Basis of preparation:**

(a) Statement of compliance:

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards ("IFRS").

The financial statements were authorized for issue by the Manager on March 7, 2019.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgment:

The preparation of financial statements, in conformity with IFRS, requires the Manager to make judgments, 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 recognized in the period in which the estimates are revised and in any future period affected.

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgments and estimates the Fund has made in preparing financial statements. See Note 7 for more information on the fair value measurement of the Fund's financial statements.

3. **Significant accounting policies:**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. 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 ("NAV") for transactions with unitholders.

(a) Changes in significant accounting policies:

The Fund adopted IFRS 9, *Financial Instruments*, on January 1, 2018. The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2018, they do not have a material impact on the financial statements of the Fund.

IFRS 9, Financial Instruments, deals with the recognition, derecognition, classification and measurement of financial instruments. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding. All other financial assets are measured at fair value. The standard eliminates the previous IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") classification categories of held-to-maturity, available-for-sale, held-for-trading, and loans and receivables. The Fund's financial instruments previously classified as:

- held-for-trading; are now classified as at fair value through profit or loss ("FVTPL")

3. Significant accounting policies (continued):

- designated as at FVTPL; are now classified as at FVTPL
- loans and receivables; are now classified as at amortized cost
- other financial liabilities; are now classified as at amortized cost

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial instruments as at January 1, 2018:

Financial instrument	IAS 39	IFRS 9
Investments	FVTPL	Fair value
Foreign exchange forward contracts	FVTPL	Fair value
Cash and cash equivalents	Amortized cost	Amortized cost
Receivable for units subscribed	Amortized cost	Amortized cost
Dividends receivable	Amortized cost	Amortized cost
Interest and other receivables	Amortized cost	Amortized cost
Receivable for securities sold	Amortized cost	Amortized cost
Payable for units redeemed	Amortized cost	Amortized cost
Payable for securities purchased	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost

There was no change in the recognition or measurement of these financial instruments. The Fund's financial instruments previously measured at amortized cost meet the solely principal and interest criterion and accordingly, continue to be measured at amortized cost under IFRS 9. The Fund's financial instruments previously measured at fair value continue to be measured at fair value under IFRS 9. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively using the transitional provisions allowing the Fund to not restate comparative periods. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39. The assessment made by management on the date of initial application includes the determination of the business model within which a financial asset is held and the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

(b) Financial instruments:

Financial instruments include financial assets and liabilities such as debt and equity securities, derivatives, cash and other receivables and payables. Effective January 1, 2018, the Fund classifies and measures financial instruments in accordance with IFRS 9, Financial Instruments. Upon initial recognition, financial assets and financial liabilities are classified as FVTPL, fair value through other comprehensive income or amortized cost based on the Manager's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's 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. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

Upon initial recognition, financial instruments classified as FVTPL are initially recognized on the trade date at fair value. Other financial assets and other financial liabilities are recognized on the date on which they are originated at fair value. All financial assets and liabilities are recognized in the *Statements of Financial Position* when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive the cash flows from the instrument has expired or the Fund has transferred substantially all risk and rewards of ownership.

Financial instruments classified as at FVTPL are subsequently measured at FVTPL at each reporting period with changes in fair value recognized in the *Statements of Comprehensive Income* in the period in which they occur. The cost of investments is based on

3. Significant accounting policies (continued):

the weighted average cost of investments and excludes commissions and other portfolio transaction costs, which are separately reported in the *Statements of Comprehensive Income.* Realized gains and losses on disposition, including foreign exchange gains or losses on such investments, are determined based on the cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the *Statements of Comprehensive Income* for the period in which they arise. The Fund's investments and derivative financial assets and liabilities are classified as FVTPL.

Financial assets at amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of financial assets at amortized cost is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash and cash equivalents, receivable for units subscribed, interest and other receivables, receivable for investments sold and dividends receivable as financial assets at amortized cost. Cash and cash equivalents are cash on deposit and short-term notes with maturities of less than 90 days.

Other financial liabilities at amortized cost are initially measured on the date on which they are originated at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Fund derecognizes a financial liability when its contractual obligations are discharged, canceled or expire. The Fund's financial liabilities at amortized cost are comprised of payables for units redeemed, payable for securities purchased and accrued liabilities. Due to the short-term nature of these financial liabilities, their carrying values approximate fair values.

Transaction costs are included in the initial carrying amount of financial instruments at FVTPL are expensed as incurred.

Financial assets and financial liabilities are offset and the net amount presented in the *Statements of Financial Position* only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Redeemable units:

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable units, which are classified as financial liabilities and measured at the redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date.

(d) Foreign currency:

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash and other financial assets and liabilities are presented as 'Foreign currency gain (loss) on cash and other net assets' and those relating to investments and derivatives are presented within 'Net realized gain (loss) on investments' and 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the *Statements of Comprehensive Income*.

(e) Income recognition:

Interest income for distribution purposes from investments in fixed income and short-term investments represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not use the effective interest method to amortize premiums paid or discounts received on the purchase of fixed-income securities. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. Income from the securities lending program is recognized net of agent fees and is included in 'Income from securities lending' in the *Statements of Comprehensive Income*.

(f) Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit:

Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit in the *Statements of Comprehensive Income* represents the net increase (decrease) in the net assets from operations for each series for the period divided by the weighted average units outstanding for each series for the period.

(g) Taxation:

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of

3. Significant accounting policies (continued):

capital and non-capital losses has not been reflected in the *Statement of Financial Position* as a deferred income tax asset.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income 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*.

(h) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2018, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Fund.

4. Related party transactions:

i. Management fees:

EdgePoint, the Manager, appoints the Investment Advisor and provides, or oversees the provision of, investment advisory and portfolio management services, distribution and administrative services to the Fund, which comprise investment selection, analysis and monitoring, including business travel to corporate head offices; other associated due diligence costs; portfolio construction and risk management; broker analysis, selection and monitoring; and trading expertise, and could include financing services related to commissions and trailing commissions for distribution of the Funds. Any overhead and operating expenses incurred by the Investment Advisor or the Manager in providing these services, but not related to the Funds' daily operations, are also covered by the management fee. In consideration for the services provided, EdgePoint receives a monthly management fee based on the daily average net assets of each series. The management fee differs among series of units, as outlined in the table below. The Fund pays EdgePoint an aggregate management fee. The Investment Advisor is compensated for their services out of the management fee without any further cost to the Fund. Total management fees for the period ended December 31, 2018 amounted to $113.2 million (December 31, 2017: $80.8 million), with nil in outstanding accrued fees due to the Manager at December 31, 2018 (December 31, 2017: $0.1 million). Management fees for Series I units are negotiated and paid directly by the investor and not the Fund. These fees will not exceed the Fund's Series A management fees.

Series A	1.80%
Series A(N)	1.80%
Series B	2.00%
Series B(N)	2.00%
Series F	0.80%
Series F(N)	0.80%

ii. Operating expenses

In addition to management fees, the Fund is responsible for paying all expenses relating to its operations. These expenses may include, but are not limited to: taxes, accounting, legal and audit fees, costs relating to the Fund's Independent Review Committee, trustee and custodial fees, portfolio transaction costs, administrative costs, investor servicing costs, costs of reports and prospectuses, and other general operating expenses that could include allocated salaries, overhead and other costs directly related to the Fund's operations and incurred by the Manager. For the period ended December 31, 2018, allocated costs totaled $0.8 million (December 31, 2017: $0.8 million). Each series is responsible for paying the operating expenses specifically attributed to that series.

Except for interest, bank charges, transaction costs, and withholding taxes paid or payable directly by the Fund, the Manager incurs such expenses on the Fund's behalf and is then reimbursed by the Fund for such expenses. The Fund's common operating expenses are allocated among series based on the average number of unitholders or the average daily net assets of each series, depending on the operating expense. All Series I operating expenses are EdgePoint's responsibility.

iii. Waived fees

At its sole discretion, EdgePoint may waive management fees or absorb the Fund's expenses. Absorbed expenses, if any, are shown on the *Statements of Comprehensive Income*. Such waivers and absorptions can be terminated at any time.

iv. Management fee distributions

From time to time, EdgePoint may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund and directing the Fund to make distributions to these unitholders in amounts equal to the management fee reduction. Management fee distributions are automatically reinvested in additional units of the Fund and are accounted for as distributions for financial statement reporting purposes.

5. Income taxes:

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes on the portion of its net income, including net realized gains, paid or payable to unitholders. Such distributed income is taxable in the hands of unitholders.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Fund's investment portfolio and its adjusted

5. Income taxes (continued):

cost base for income tax purposes. Since the Fund's distribution policy is to distribute all net realized capital gains, deferred tax liabilities with respect to unrealized capital gains and deferred tax assets with respect to unrealized capital losses will not be realized by the Fund and are therefore not recorded by the Fund. Unused realized capital losses represent the Fund's deferred tax assets; however, due to the uncertainty that they will be realized by offsetting future capital gains, no net tax benefit is recorded by the Fund.

As at the most recent taxation year end of December 15, 2018, the Fund had capital losses of nil (December 15, 2017: nil) and non-capital losses of nil (December 15, 2017: nil).

A loss realized by the Fund on a disposition of a capital property will be a suspended loss when the Fund acquires a substituted property that is identical or the same as the property sold within 30 days before and 30 days after the sale and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund's capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale. As at the most recent taxation year end of December 15, 2018, the Fund had suspended losses of $868,296 (December 15, 2017: $868,296).

6. Brokerage commissions and soft dollars:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Fund's *Statements of Comprehensive Income*. Brokerage business is allocated in good faith based on which broker can deliver to the Fund the best results in relation to order execution and research services utilized. Subject to these criteria, EdgePoint may allocate business to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. The ascertainable "soft dollar" value received as a percentage of total brokerage commissions paid during the periods ended December 31, 2018 and 2017, is disclosed below.

	2018	2017
Soft dollar relationships	4	4
Percentage of total transaction costs	2%	3%

Other proprietary research services are offered on a "bundled" basis with transaction execution. As a result, EdgePoint is not able to reasonably ascertain the value of these investment research services.

7. Fair value measurement:

The Fund's investments and derivative financial instruments are carried at fair value. In the opinion of the Manager, the fair values of financial instruments other than investments, derivative financial instruments and net assets attributable to unitholders of redeemable units approximate their carrying values, given their short-term nature.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- 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., as derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Changes in valuation methods may result in transfers into, or out of, an investment's assigned level.

(a) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable.

(b) Derivative assets and liabilities

Derivative assets and liabilities consist of foreign exchange forward contracts and equity call options. Foreign exchange forward contracts are valued primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency or index, interest rates, and future dividend yields. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit-related inputs are determined not to be significant to fair value, are classified as Level 2. Equity options are valued primarily on the number of contracts, the difference between the strike price and the forward market rate for the underlying equity/index, interest rate, dividends and volatility of the underlying equity/index. Counterparty credit risk is managed through the use of collateral and a Credit Support Annex, when available.

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount. These financial instruments are classified as Level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

The table below categorizes financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is included.

7. Fair value measurement (continued):

The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

Assets (liabilities) at fair value as at December 31, 2018 ('000s)	Level 1	Level 2	Total
Equities	$ 9,438,777	$ –	$ 9,438,777
Options	–	11,690	11,690
Foreign exchange forward contracts	–	(40,098)	(40,098)
Total	$ 9,438,777	$ (28,408)	$ 9,410,369

Assets (liabilities) at fair value as at December 31, 2017 ('000s)	Level 1	Level 2	Total
Equities	$ 7,107,272	$ –	$ 7,107,272
Options	–	10,540	10,540
Foreign exchange forward contracts	–	7,957	7,957
Total	$ 7,107,272	18,497	7,125,769

For the year ended December 31, 2018, the net change in value for financial instruments classified as at FVTPL is a $367.4 million loss (December 31, 2017: $1,155.6 million gain).

During the years ended December 31, 2018 and 2017, no investments were transferred between Levels 1 and 2.

8. Financial instrument risk:

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

Risk management

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments result in the risk of loss of capital. The team takes a conservative approach to risk management by applying in-depth, thorough research to each investment idea in order to understand the risks of the individual business and weighs this against its return potential.

Risk is further managed by investing in a diversified portfolio of companies. The team believes that investing in businesses with competitive advantages is a more effective approach to diversification than focusing on traditional sector allocations. The team takes a common-sense approach to risk by assessing how much money can be lost and the probability of losing it. While this approach may seem overly simplistic, it provides vital clarity about the true investment risks.

The Manager employs a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations. The Governance and Oversight Committee of the Manager conducts quarterly reviews to monitor portfolio activity for compliance with applicable rules.

Risk factors

(a) Market risk:

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analyses that show how the net assets attributable to unitholders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(i) Market price risk:

Market price risk arises primarily from uncertainties about the future market prices of instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's most significant exposure to market price risk arises from its investment in equity securities. The Fund's policy is to manage price risk through diversification and selection of investments within the investment guidelines within the Declaration of Trust. Greater than 90% of the net assets attributable to unitholders of redeemable units are expected to be invested in equity securities. The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to unitholders of redeemable units.

If relevant benchmark indexes had increased or decreased by 5% as at December 31, 2018, with all other variables held constant, the Fund's net assets attributable to unitholders of redeemable units would have increased or decreased, respectively, by approximately $472.5 million or 4.9% of total net assets attributable to unitholders of redeemable units (December 31, 2017: $355.4 million or 4.3% of total net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Foreign currency risk:

Foreign currency risk arises from financial instruments denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund enters into foreign exchange forward contracts to reduce its foreign currency exposure.

The following table indicates the currencies (excluding the Canadian dollar) to which the Fund's financial

8. Financial instrument risk (continued):

instruments had significant exposure. Period-end figures are in Canadian dollars and include the notional amount of forward exchange contracts, if any:

December 31, 2018

Currency	Investments ($'000s)	Cash ($'000s)	Foreign exchange forward contracts ($'000s)	Total ($'000s)	% of net assets
U.S. dollar	5,402,508	20,274	(902,558)	4,520,224	46.63%
Japanese Yen	1,748,552	–	(107,411)	1,641,141	16.93%
Indian Rupee	340,233	–	–	340,233	3.51%
Danish Krone	265,258	–	–	265,258	2.74%
Swedish Krona	259,906	3,176	–	263,082	2.71%
Swiss franc	223,715	–	–	223,715	2.31%
Euro	145,800	(1,365)	–	144,435	1.49%
China Renminbi	121,342	569	–	121,911	1.26%
British pound	86,976	–	–	86,976	0.90%
	8,594,290	22,654	(1,009,969)	7,606,975	78.48%

December 31, 2017

Currency	Investments ($'000s)	Cash ($'000s)	Foreign exchange forward contracts ($'000s)	Total ($'000s)	% of net assets
U.S. dollar	4,316,509	12	(421,318)	3,895,203	47.19%
Japanese Yen	1,398,707	–	–	1,398,707	16.95%
Euro	732,156	–	–	732,156	8.87%
Swiss franc	138,544	–	–	138,544	1.68%
British pound	77,806	–	–	77,806	0.94%
	6,663,722	12	(421,318)	6,242,416	75.63%

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% relative to all foreign currencies with all other variables held constant, the Fund's net assets would have decreased or increased, respectively, by approximately $380.3 million or 3.9% of total net assets (December 31, 2017: $312.1 million or 3.8% of total net assets).

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Interest rate risk:

Interest rate risk is the risk that the fair value, or future cash flows of financial instruments, will fluctuate as a result of changes in market interest rates. The majority of the Fund's financial assets are equity shares, which are not interest bearing. As the Fund's financial liabilities are primarily short-term in nature and generally not interest bearing, the Fund's exposure to interest rate risk is considered insignificant.

(b) Counterparty credit risk:

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

The Fund's main exposure to credit risk is its trading of listed securities. It minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

The Fund may enter into foreign exchange contracts to buy and sell currencies for the purpose of settling foreign securities transactions. These are short-term spot settlements carried out with counterparties with a credit rating of at least "A." The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Aside from financial liabilities that arise from its normal investing activities, the Fund has no other significant financial liabilities.

The Fund's most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. The Fund's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Fund's reputation. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments traded in an active market that can be readily sold). The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. No such borrowing occurred during the period.

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis.

8. Financial instrument risk (continued):

The tables below organize the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amount in the tables are the contractual undiscounted cash flows.

December 31, 2018	On demand ($'000s)	< 3 months ($'000s)	Total ($'000s)
Payable for units redeemed	16,380	–	16,380
Payable for securities purchased	5,626	–	5,626
Foreign exchange forward contracts	–	40,098	40,098

December 31, 2017	On demand ($'000s)	< 3 months ($'000s)	Total ($'000s)
Payable for units redeemed	7,947	–	7,947
Payable for securities purchased	9,309	–	9,309
Accrued liabilities	–	302	302

(d) Capital risk management:

Units issued and outstanding are considered to be the capital of the Fund. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the NAV per unit of that Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice must be received no later than 4:00 p.m. (EST) on the valuation day upon which the units are to be redeemed. Additionally, the notice must be irrevocable, and the signature thereon, must be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager. The units are redeemable for cash equal to a pro rata share of the Fund's series NAV.

9. Schedule of options:

December 31, 2018

Call options	Expiry date	Strike price	Number of contracts	Average cost ('000s)	Fair value ('000s)
S&P 500 Index	June 28, 2022	3,000	31,376	$ 1,688	$ 6,286
EURO STOXX 50 Index	June 16, 2023	3,816	29,004,573	9,164	3,722
EURO STOXX Banks Index	February 17, 2023	142	8,067,789	3,050	548
EURO STOXX Banks Index	March 17, 2023	142	8,067,789	3,065	562
EURO STOXX Banks Index	April 21, 2023	142	8,067,789	3,050	572
				$ 20,017	$11,690

10. Schedule of foreign exchange forward contracts:

December 31, 2018

Settlement date	Currency to be delivered ('000s)	Currency to be received ('000s)	Contract price	Fair value ('000s)
January 3, 2019	30,500 USD	38,932 CAD	1.2765	$ (2,703)
January 8, 2019	72,000 USD	92,103 CAD	1.2792	(6,170)
January 15, 2019	8,616,456 JPY	97,700 CAD	0.0113	(9,710)
February 8, 2019	57,500 USD	75,178 CAD	1.3074	(3,242)
February 25, 2019	56,000 USD	74,026 CAD	1.3219	(2,321)
February 28, 2019	109,500 USD	145,746 CAD	1.3310	(3,530)
March 4, 2019	102,500 USD	134,838 CAD	1.3155	(4,883)
March 6, 2019	44,000 USD	58,729 CAD	1.3348	(1,247)
March 14, 2019	64,000 USD	83,644 CAD	1.3069	(3,579)
March 20, 2019	80,000 USD	107,140 CAD	1.3393	(1,875)
March 28, 2019	46,000 USD	61,835 CAD	1.3442	(838)
Total number of contracts:	11		Net fair value	$ (40,098)

11. Offsetting financial assets and financial liabilities:

In the normal course of business, the Fund may enter into various netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The Fund has not offset any financial assets and financial liabilities in the statement of financial position. The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments.

The ISDA and similar master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The collateral provided in respect of the below transactions is subject to the standard industry terms of ISDA's *Credit Support Annex*. This means that cash given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral. Cash collateral pledged by the Fund is included in Cash and cash equivalents on the statement of financial position.

December 31, 2018 ($'000s)

Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net Amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts – assets	–	–	–	2,318	–
Foreign exchange forward contracts – liabilities	(40,098)	(40,098)	–	21,342	(18,756)

11. Offsetting financial assets and financial liabilities (continued):

December 31, 2017 ($'000s)					
Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net Amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts – assets	7,957	7,957	–	8,107	7,957
Foreign exchange forward contracts – liabilities	–	–	–	–	–

12. Securities Lending

The Fund has entered into a securities lending program with its custodian. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of securities on loan. Collateral will generally be comprised of federal, provincial, and sovereign debt, or debt issued or guaranteed by a financial institution, or corporate commercial paper, or convertible securities, and/or cash. All collateral has a term to maturity of 365 days or less and a designated rating from a designated rating organization and is in compliance with the credit rating requirements outlined in National Instrument 81-102.

Below is the market value of the securities loaned and collateral received as at December 31, 2018 and 2017.

	December 31, 2018 ($'000s)	December 31, 2017 ($'000s)
Securities loaned	–	–
Collateral (non-cash)	–	–

The table below shows a reconciliation of the gross amount generated from securities lending transaction of the Fund to the revenue from securities lending disclosed in the *Statements of Comprehensive Income*.

	December 31, 2018 ($'000s)	December 31, 2017 ($'000s)
Gross securities lending revenue	547	–
Agent fees – CIBC Mellon	(137)	–
Income from securities lending	410	–

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