



E D G E P O I N T

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**EdgePoint Global Portfolio**

**Semi-annual Financial Statements**

*For the period ended June 30, 2018*

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

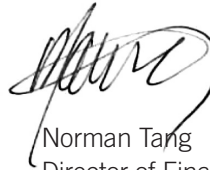
The accompanying semi-annual Financial Statements have been prepared by the Manager, EdgePoint Wealth Management Inc., on behalf of EdgePoint Global Portfolio (the "Fund"). Management is responsible for the information and representations contained in these semi-annual Financial Statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The semi-annual 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 of the semi-annual Financial Statements.

The Board of Directors is responsible for reviewing and approving the Fund's semi-annual 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 semi-annual Financial Statements have been reviewed and approved by the Board of Directors.



Patrick Farmer  
Chief Executive Officer and Director  
August 20, 2018



Norman Tang  
Director of Finance, as Chief Financial Officer  
August 20, 2018

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## NOTICE TO UNITHOLDERS

EdgePoint Wealth Management Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the semi-annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditor has not performed a review of these semi-annual Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

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# EdgePoint Global Portfolio

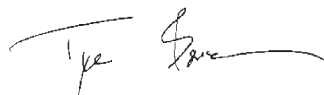
Statements of Financial Position (Unaudited)  
(in '000s except per unit amounts and number of units)  
Periods ended June 30, 2018 and 2017

|   | 2018                 | 2017                |
|---|----------------------|---------------------|
| <b>Assets</b>   |                      |                     |
| Investments at fair value*  | \$ 9,163,459         | \$ 7,117,812        |
| Cash and cash equivalents   | 1,059,459            | 1,113,582           |
| Receivable for units subscribed   | 38,384               | 29,236              |
| Receivable for securities sold  | 21,992               | 43                  |
| Dividends receivable  | 12,133               | 3,328               |
| Foreign exchange forward contracts at fair value  | 3,958                | 7,957               |
| Interest and other receivables  | 658                  | -                   |
| <b>Total assets</b>   | <b>\$ 10,300,043</b> | <b>\$ 8,271,958</b> |
| <b>Liabilities excluding net assets attributable to unitholders of redeemable units</b> |                      |                     |
| Payable for securities purchased  | \$ 98,738            | \$ 9,309            |
| Payable for units redeemed  | 9,349                | 7,947               |
| Foreign exchange forward contracts at fair value  | 5,479                | -                   |
| Accrued liabilities   | -                    | 302                 |
| <b>Total liabilities</b>  | <b>\$ 113,566</b>    | <b>\$ 17,558</b>    |
| <b>Net assets attributable to unitholders of redeemable units</b>                       | <b>\$ 10,186,477</b> | <b>\$ 8,254,400</b> |
| <b>Net assets attributable to unitholders of redeemable units</b>                       |                      |                     |
| Series A  | \$ 2,967,405         | \$ 2,481,783        |
| Series A(N)   | 1,164,702            | 964,920             |
| Series B  | 223,155              | 230,828             |
| Series B(N)   | 67,067               | 73,479              |
| Series F  | 3,415,255            | 2,613,498           |
| Series F(N)   | 1,074,089            | 770,801             |
| Series I  | 1,274,804            | 1,119,091           |
| <b>Number of units outstanding</b>  |                      |                     |
| Series A  | 92,137,219           | 81,732,965          |
| Series A(N)   | 36,196,375           | 31,831,001          |
| Series B  | 6,883,154            | 7,541,804           |
| Series B(N)   | 2,064,216            | 2,397,778           |
| Series F  | 104,814,508          | 85,551,939          |
| Series F(N)   | 33,057,746           | 25,312,943          |
| Series I  | 38,465,624           | 36,189,592          |
| <b>Net assets attributable to unitholders of redeemable units, per unit</b>             |                      |                     |
| Series A  | \$ 32.21             | \$ 30.36            |
| Series A(N)   | 32.18                | 30.31               |
| Series B  | 32.42                | 30.61               |
| Series B(N)   | 32.49                | 30.64               |
| Series F  | 32.58                | 30.55               |
| Series F(N)   | 32.49                | 30.45               |
| Series I  | 33.14                | 30.92               |

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

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

ON BEHALF OF THE BOARD:



Tye Bousada, Director



Geoff MacDonald, Director

# EdgePoint Global Portfolio

Statements of Comprehensive Income (Unaudited)  
(in '000s except per unit amounts)  
Periods ended June 30, 2018 and 2017

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>Income:</b>   |                   |                   |
| Interest for distribution purposes   | \$ 4,888          | \$ 686            |
| Dividends  | 61,250            | 43,862            |
| Foreign currency gain (loss) on cash and other net assets  | (1,359)           | (956)             |
| Other net changes in fair value of financial assets and financial liabilities<br>at fair value through profit or loss: |                   |                   |
| Net realized gain (loss) on investments  | 569,420           | 349,200           |
| Net realized gain (loss) on foreign exchange forward contracts   | (11,893)          | (5,694)           |
| Change in unrealized appreciation (depreciation) on investments and derivatives  | 9,047             | 199,929           |
|  | <u>\$ 631,353</u> | <u>\$ 587,027</u> |
| <b>Expenses:</b>   |                   |                   |
| Management fees (Note 4)   | \$ 53,024         | \$ 37,475         |
| Foreign withholding tax  | 7,843             | 5,958             |
| Goods and Service Tax / Harmonized Sales Tax   | 6,199             | 4,467             |
| Transaction costs  | 3,193             | 2,197             |
| Administration and transfer agent fees (Note 4)  | 1,509             | 1,662             |
| Custody fees   | 222               | 91                |
| Filing fees  | 155               | 70                |
| Unitholder reporting   | 79                | 58                |
| Audit fees   | 35                | 40                |
| Fund accounting  | 30                | 27                |
| Independent Review Committee fees  | 12                | 6                 |
| Legal fees   | -                 | 24                |
| Total expenses   | <u>\$ 72,301</u>  | <u>\$ 52,075</u>  |
| Increase (decrease) in net assets attributable to unitholders of redeemable units                                      | <u>\$ 559,052</u> | <u>\$ 534,952</u> |
| Increase (decrease) in net assets attributable to unitholders of redeemable units                                      |                   |                   |
| Series A   | \$ 155,625        | \$ 164,067        |
| Series A(N)  | 61,826            | 63,667            |
| Series B   | 13,428            | 19,394            |
| Series B(N)  | 4,294             | 6,042             |
| Series F   | 185,829           | 149,902           |
| Series F(N)  | 56,256            | 41,657            |
| Series I   | 81,794            | 81,413            |
| Series O   | -                 | 8,810             |
| Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit                            |                   |                   |
| Series A   | \$ 1.79           | \$ 2.38           |
| Series A(N)  | 1.81              | 2.40              |
| Series B   | 1.89              | 2.31              |
| Series B(N)  | 1.96              | 2.35              |
| Series F   | 1.95              | 2.53              |
| Series F(N)  | 1.94              | 2.53              |
| Series I   | 2.20              | 2.76              |
| Series O   | -                 | 1.83              |

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

## EdgePoint Global Portfolio

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units (Unaudited) (in '000s except per unit amounts)  
Periods ended June 30, 2018 and 2017

|   | Series A     |              | Series A(N)  |             | Series B    |             |
|---|--------------|--------------|--------------|-------------|-------------|-------------|
|   | 2018         | 2017         | 2018         | 2017        | 2018        | 2017        |
| Net assets attributable to unitholders of redeemable units, beginning of period       | \$ 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     | 155,625      | 164,067      | 61,826       | 63,667      | 13,428      | 19,394      |
| Redeemable unit transactions:   |              |              |              |             |             |             |
| Proceeds from issue of redeemable units   | 560,981      | 337,449      | 214,953      | 115,761     | 41,859      | 24,235      |
| Redemption of redeemable units  | (230,984)    | (211,626)    | (76,997)     | (70,472)    | (62,960)    | (77,784)    |
| Net increase (decrease) in net assets attributable to unitholders of redeemable units | 485,622      | 289,890      | 199,782      | 108,956     | (7,673)     | (34,155)    |
| Net assets attributable to unitholders of redeemable units, end of period             | \$ 2,967,405 | \$ 2,148,821 | \$ 1,164,702 | \$ 825,279  | \$ 223,155  | \$ 233,204  |
| Redeemable units issued and outstanding:  |              |              |              |             |             |             |
| Balance, beginning of period  | 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                  | 17,701,397   | 11,547,852   | 6,797,453    | 3,955,179   | 1,311,166   | 825,276     |
| Redeemable units redeemed   | (7,297,143)  | (7,206,913)  | (2,432,079)  | (2,395,121) | (1,969,816) | (2,691,449) |
| Balance, end of period  | 92,137,219   | 70,704,267   | 36,196,375   | 27,133,728  | 6,883,154   | 7,701,529   |

|   | Series B(N) |           | Series F     |              | Series F(N)  |             |
|---|-------------|-----------|--------------|--------------|--------------|-------------|
|   | 2018        | 2017      | 2018         | 2017         | 2018         | 2017        |
| Net assets attributable to unitholders of redeemable units, beginning of period       | \$ 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     | 4,294       | 6,042     | 185,829      | 149,902      | 56,256       | 41,657      |
| Redeemable unit transactions:   |             |           |              |              |              |             |
| Proceeds from issue of redeemable units   | 10,078      | 8,983     | 783,270      | 566,490      | 294,893      | 177,867     |
| Redemption of redeemable units  | (20,784)    | (22,744)  | (167,342)    | (100,231)    | (47,861)     | (37,037)    |
| Net increase (decrease) in net assets attributable to unitholders of redeemable units | (6,412)     | (7,719)   | 801,757      | 616,161      | 303,288      | 182,487     |
| Net assets attributable to unitholders of redeemable units, end of period             | \$ 67,067   | \$ 73,128 | \$ 3,415,255 | \$ 2,076,994 | \$ 1,074,089 | \$ 583,975  |
| Redeemable units issued and outstanding:  |             |           |              |              |              |             |
| Balance, beginning of period  | 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                  | 315,919     | 305,881   | 24,499,800   | 18,870,174   | 9,241,213    | 5,918,786   |
| Redeemable units redeemed   | (649,481)   | (783,922) | (5,237,231)  | (3,339,982)  | (1,496,410)  | (1,226,284) |
| Balance, end of period  | 2,064,216   | 2,402,948 | 104,814,508  | 66,775,451   | 33,057,746   | 18,803,843  |

**EdgePoint Global Portfolio**

*Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units (Unaudited) (in '000s except per unit amounts)  
Periods ended June 30, 2018 and 2017*

|   | Series I     |             | Series O |             | Total         |              |
|---|--------------|-------------|----------|-------------|---------------|--------------|
|   | 2018         | 2017        | 2018     | 2017        | 2018          | 2017         |
| Net assets attributable to unitholders of redeemable units, beginning of period       | \$ 1,119,091 | \$ 859,708  | \$ –     | \$ 107,690  | \$ 8,254,400  | \$ 5,753,179 |
| Increase (decrease) in net assets attributable to unitholders of redeemable units     | 81,794       | 81,413      | –        | 8,810       | 559,052       | 534,952      |
| Redeemable unit transactions:   |              |             |          |             |               |              |
| Proceeds from issue of redeemable units   | 135,000      | 109,191     | –        | 2,224       | 2,041,033     | 1,342,200    |
| Redemption of redeemable units  | (61,081)     | (79,056)    | –        | (118,724)   | (668,008)     | (717,674)    |
| Net increase (decrease) in net assets attributable to unitholders of redeemable units | 155,713      | 111,548     | –        | (107,690)   | 1,932,077     | 1,159,478    |
| Net assets attributable to unitholders of redeemable units, end of period             | \$ 1,274,804 | \$ 971,256  | \$ –     | \$ –        | \$ 10,186,477 | \$ 6,912,657 |
| Redeemable units issued and outstanding:  |              |             |          |             |               |              |
| Balance, beginning of period  | 36,189,592   | 29,588,946  | –        | 5,156,289   |               |              |
| Redeemable units issued for cash, including reinvested distributions                  | 4,168,162    | 3,520,403   | –        | 103,401     |               |              |
| Redeemable units redeemed   | (1,892,130)  | (2,623,622) | –        | (5,259,690) |               |              |
| Balance, end of period  | 38,465,624   | 30,485,727  | –        | –           |               |              |

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

|   | 2018           | 2017         |
|---|----------------|--------------|
| <b>Cash flows from (used by) operating activities</b>                             |                |              |
| Increase/(decrease) in net assets attributable to unitholders of redeemable units | \$ 559,052     | \$ 534,952   |
| Adjustments for:  |                |              |
| Foreign currency (gain) loss on cash and other net assets                         | 1,359          | 956          |
| Net realized (gain) loss on investments and derivatives                           | (569,420)      | (349,200)    |
| Net realized (gain) loss on foreign exchange forward contracts                    | 11,893         | 5,694        |
| Change in unrealized (appreciation) depreciation on investments and derivatives   | (9,047)        | (199,929)    |
| (Increase) decrease in interest and other receivable                              | (658)          | -            |
| (Increase) decrease in dividends receivable                                       | (8,805)        | (3,176)      |
| Increase (decrease) in accrued liabilities  | (302)          | 4,238        |
| Purchases of investments  | (2,914,545)    | (1,629,791)  |
| Proceeds from the sales of investments  | 1,525,685      | 1,097,672    |
| Proceeds from (to) settlement of foreign exchange forward contracts               | (11,893)       | (5,694)      |
| Net cash generated from (used by) operating activities                            | \$ (1,416,681) | \$ (544,278) |
| <b>Cash flows from (used by) financing activities</b>                             |                |              |
| Proceeds from redeemable units issued   | \$ 2,031,884   | \$ 1,329,889 |
| Amount paid on redemption of redeemable units                                     | (667,967)      | (712,574)    |
| Net cash generated from (used by) financing activities                            | \$ 1,363,917   | \$ 617,315   |
| Net increase (decrease) in cash and cash equivalents                              | \$ (52,764)    | \$ 73,037    |
| Foreign currency gain (loss) on cash and other net assets                         | (1,359)        | (956)        |
| Cash and cash equivalents (Bank overdraft), beginning of period                   | 1,113,582      | 861,861      |
| Cash and cash equivalents (Bank overdraft), end of period                         | \$ 1,059,459   | \$ 933,942   |
| Cash and cash equivalents comprise:   |                |              |
| Cash at bank  | \$ 1,059,459   | \$ 933,942   |
| Interest received, net of withholding tax   | \$ 4,230       | \$ 686       |
| Dividends received, net of withholding tax  | \$ 44,602      | \$ 34,728    |

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

# EdgePoint Global Portfolio

Schedule of Investment Portfolio (Unaudited)  
(in '000s except number of shares/units)  
As at June 30, 2018

| Number of shares/units        | Security                                    | Average cost | Fair value | % of net assets |
|-------------------------------|---|--------------|------------|-----------------|
| <b>Equities</b>               |   |              |            |                 |
| <b>Banks</b>                  |   |              |            |                 |
| 7,246,884                     | Wells Fargo & Co.                           | \$ 415,692   | \$ 528,183 | 5.18%           |
|                               |   | 415,692      | 528,183    | 5.18%           |
| <b>Consumer Discretionary</b> |   |              |            |                 |
| 10,544,294                    | Subaru Corp.                                | 460,888      | 403,786    | 3.96%           |
| 1,411,529                     | Cie Financiere Richemont SA                 | 165,099      | 157,628    | 1.55%           |
| 1,940,840                     | Salvatore Ferragamo SpA                     | 63,630       | 62,275     | 0.61%           |
| 2,036,096                     | Mattel Inc.                                 | 39,697       | 43,952     | 0.43%           |
| 332,859                       | Delticom AG                                 | 18,091       | 4,507      | 0.05%           |
|                               |   | 747,405      | 672,148    | 6.60%           |
| <b>Consumer Staples</b>       |   |              |            |                 |
| 5,650,194                     | Shiseido Co. Ltd.                           | 147,715      | 590,270    | 5.79%           |
| 4,537,923                     | Unilever NV                                 | 271,441      | 332,911    | 3.27%           |
| 1,292,843                     | PriceSmart Inc.                             | 133,975      | 153,817    | 1.51%           |
|                               |   | 553,131      | 1,076,998  | 10.57%          |
| <b>Diversified Financials</b> |   |              |            |                 |
| 997                           | Berkshire Hathaway Inc., class A            | 315,266      | 369,672    | 3.63%           |
| 1,648,831                     | Affiliated Managers Group Inc.              | 334,599      | 322,262    | 3.16%           |
| 296,657                       | Berkshire Hathaway Inc., class B            | 53,315       | 72,794     | 0.72%           |
|                               |   | 703,180      | 764,728    | 7.51%           |
| <b>Energy</b>                 |   |              |            |                 |
| 11,223,899                    | PrairieSky Royalty Ltd.                     | 313,745      | 291,260    | 2.86%           |
|                               |   | 313,745      | 291,260    | 2.86%           |
| <b>Health Care</b>            |   |              |            |                 |
| 8,051,044                     | Swedish Orphan Biovitrum AB                 | 153,244      | 230,966    | 2.27%           |
| 2,742,459                     | Shionogi & Co. Ltd.                         | 184,977      | 185,324    | 1.82%           |
|                               |   | 338,221      | 416,290    | 4.09%           |
| <b>Industrials</b>            |   |              |            |                 |
| 5,634,953                     | CSX Corp.                                   | 363,433      | 472,482    | 4.64%           |
| 8,254,962                     | Flowserve Corp.                             | 481,778      | 438,436    | 4.31%           |
| 2,660,732                     | Middleby Corp.                              | 404,617      | 365,254    | 3.59%           |
| 4,948,292                     | Generac Holdings Inc.                       | 251,208      | 336,518    | 3.30%           |
| 1,868,621                     | WABCO Holdings Inc.                         | 213,102      | 287,469    | 2.82%           |
| 1,955,437                     | Westinghouse Air Brake Technologies Corp.   | 189,127      | 253,421    | 2.49%           |
| 11,822,355                    | Kubota Corp.                                | 237,583      | 244,684    | 2.40%           |
| 13,239,291                    | Mitsubishi Electric Corp.                   | 271,019      | 231,800    | 2.28%           |
| 2,149,194                     | WESCO International Inc.                    | 155,487      | 161,333    | 1.58%           |
| 6,970,781                     | Grafton Group PLC                           | 66,252       | 96,271     | 0.95%           |
| 753,671                       | Brenntag AG                                 | 53,192       | 55,215     | 0.54%           |
|                               |   | 2,686,798    | 2,942,883  | 28.90%          |
| <b>Information Technology</b> |   |              |            |                 |
| 3,090,459                     | TE Connectivity Ltd.                        | 254,039      | 365,902    | 3.59%           |
| 244,896                       | Constellation Software Inc.                 | 160,540      | 249,684    | 2.45%           |
| 2,041,190                     | Ubiquiti Networks Inc.                      | 111,612      | 227,342    | 2.23%           |
| 1,388,621                     | Fidelity National Information Services Inc. | 196,213      | 193,563    | 1.90%           |
| 393,133                       | EchoStar Corp.                              | 28,869       | 22,947     | 0.23%           |
| 985,864                       | Digi International Inc.                     | 9,230        | 17,108     | 0.17%           |
|                               |   | 760,503      | 1,076,546  | 10.57%          |
| <b>Insurance</b>              |   |              |            |                 |
| 270,953                       | Fairfax Financial Holdings Ltd.             | 184,755      | 199,600    | 1.96%           |
| 4,964,734                     | T&D Holdings Inc.                           | 102,541      | 98,126     | 0.96%           |
|                               |   | 287,296      | 297,726    | 2.92%           |
| <b>Materials</b>              |   |              |            |                 |
| 402,910                       | Sherwin-Williams Co.                        | 201,758      | 215,884    | 2.12%           |
|                               |   | 201,758      | 215,884    | 2.12%           |



## EdgePoint Global Portfolio

Schedule of Investment Portfolio (Unaudited)  
(in '000s except number of shares/units)  
As at June 30, 2018

| Number of shares/units | Security  | Average cost | Fair value    | % of net assets |
|------------------------|---|--------------|---------------|-----------------|
|                        | <b>Real Estate</b>  |              |               |                 |
| 8,465,576              | Realogy Holdings Corp.  | \$ 355,196   | \$ 253,748    | 2.49%           |
| 4,855,809              | Grand City Properties SA  | 121,554      | 165,797       | 1.63%           |
| 2,764,708              | Seritage Growth Properties  | 138,395      | 154,217       | 1.51%           |
| 695,085                | Deutsche Wohnen AG  | 29,558       | 44,179        | 0.43%           |
|                        |   | 644,703      | 617,941       | 6.06%           |
|                        | <b>Telecommunication Services</b>                                 |              |               |                 |
| 41,372,803             | Bharti Infratel Limited   | 262,542      | 238,592       | 2.34%           |
|                        |   | 262,542      | 238,592       | 2.34%           |
|                        | <b>Total Equities</b>   | \$ 7,914,974 | \$ 9,139,179  | 89.72%          |
|                        | <b>Options (Note 9)</b>   | 20,017       | 24,280        | 0.24%           |
|                        | Adjustment for transaction costs                                  | (6,467)      |               |                 |
|                        | <b>Total Investments</b>  | \$ 7,928,524 | \$ 9,163,459  | 89.96%          |
|                        | <b>Foreign exchange forward contracts (Note 10)</b>               |              | \$ (1,521)    | (0.02%)         |
|                        | Other assets, less liabilities                                    |              | \$ 1,024,539  | 10.06%          |
|                        | <b>Net assets attributable to unitholders of redeemable units</b> |              | \$ 10,186,477 | 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.

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 units are 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 August 20, 2018.

(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) Financial instruments:

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other receivables and payables. 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 fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) or amortized cost based on the Fund’s assessment of the business model within which the financial asset is managed and the financial asset’s contractual cash flow characteristics.

Upon initial recognition, financial instruments are classified as FVTPL. All financial assets and liabilities are recognized in the Statement 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 cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the

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

Statement of Comprehensive Income. The cost of investments is based on the weighted average cost of investments and excludes commissions and other portfolio transaction costs, which are separately reported in the Statement 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 Statement of Comprehensive Income for the period in which they arise.

**(b) 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.

**(c) 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*.

**(d) 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.

**(e) 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.

**(f) 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 capital and non-capital losses has not been reflected in the *Statements 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*.

**(g) 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 June 30, 2018, and have not been applied preparing these financial statements. None of these will have a significant effect on the financial statements of the Fund.

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 interim 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 would be 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 the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the previous IAS 39 categories of held-to-maturity, available-for-sale, and

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

loans and receivables. The Fund's financial instruments previously classified as held-for-trading are now classified as fair value through profit or loss ("FVTPL"). There is 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, are continued to be measured at amortized cost under IFRS 9.

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 assets as at January 1, 2018:

| Financial Asset                    | IAS 39                   | IFRS 9         |
|------------------------------------|--------------------------|----------------|
| Investments                        | FVTPL                    | FVTPL          |
| Foreign exchange forward contracts | held-for-trading (FVTPL) | FVTPL          |
| Cash and cash equivalents          | Amortized cost           | Amortized cost |
| Receivable for securities sold     | Amortized cost           | Amortized cost |
| Interest and other receivables     | Amortized cost           | Amortized cost |

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively and management has taken an exemption not to restate comparative information for prior 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.

**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 June 30, 2018 amounted to \$53.0 million (June 30, 2017: \$37.5 million), with \$0.0 million in outstanding accrued fees due to the Manager at June 30, 2018 (December 31, 2017: \$0.1 million), which have been subsequently paid. 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 June 30, 2018, allocated costs totaled \$0.8 million (June 30, 2017: \$0.5 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

**4. Related party transactions (continued):**

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 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, 2017, the Fund had capital losses of nil (December 15, 2016: nil) and non-capital losses of nil (December 15, 2016: 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, 2017, the Fund had suspended losses of \$868,296 (December 15, 2016: \$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 June 30, 2018 and 2017, is disclosed below.

|                                       | 2018 | 2017 |
|---------------------------------------|------|------|
| Soft dollar relationships             | 4    | 3    |
| Percentage of total transaction costs | 0%   | 4%   |

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.

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

All fair value measurements below are recurring.

|                                    | Assets (liabilities) at fair value as at June 30, 2018 ('000s) |                  |                     |
|------------------------------------|--|------------------|---------------------|
|                                    | Level 1  | Level 2          | Total               |
| Equities                           | \$ 9,139,179   | \$ –             | \$ 9,139,179        |
| Options                            | –  | 24,280           | 24,280              |
| Foreign exchange forward contracts | –  | (1,521)          | (1,521)             |
| <b>Total</b>                       | <b>\$ 9,139,179</b>  | <b>\$ 22,759</b> | <b>\$ 9,161,938</b> |



| 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               |
| <b>Total</b>   | <b>\$ 7,107,272</b> | <b>\$ 18,497</b> | <b>\$ 7,125,769</b> |

For the period ended June 30, 2018, the net change in value for financial instruments designated at FVTPL is \$566.6 million gain (June 30, 2017: \$543.4 million loss).

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.

(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 option contracts. 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.

During the periods ended June 30, 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 June 30, 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 \$458.2 million or 4.5% 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 instruments had significant exposure. Period-end figures are in Canadian dollars and include the underlying principal of forward exchange contracts, if any:

| June 30, 2018 |                          |                   |  |                    |                    |
|---------------|--------------------------|-------------------|--|--------------------|--------------------|
| Currency      | Investments<br>(\$'000s) | Cash<br>(\$'000s) | Foreign<br>exchange<br>forward<br>contracts<br>(\$'000s) | Total<br>(\$'000s) | % of<br>net assets |
| U.S. dollar   | 5,267,682                | 29,977            | (709,602)  | 4,588,057          | 45.04%             |
| Japanese Yen  | 1,753,990                | 23,513            | 2,133  | 1,779,636          | 17.47%             |
| Euro          | 677,787                  | (4,611)           | –  | 673,176            | 6.61%              |
| Swedish krona | 230,966                  | –                 | –  | 230,966            | 2.27%              |
| Swiss franc   | 157,628                  | 5,115             | –  | 162,743            | 1.60%              |
| British pound | 96,271                   | –                 | –  | 96,271             | 0.94%              |
| Indian Rupee  | 238,592                  | 4,495             | –  | 243,087            | 2.39%              |
|               | 8,422,916                | 58,489            | (707,469)  | 7,773,936          | 76.32%             |

| December 31, 2017 |                          |                   |  |                    |                    |
|-------------------|--------------------------|-------------------|--|--------------------|--------------------|
| Currency          | Investments<br>(\$'000s) | Cash<br>(\$'000s) | Foreign<br>exchange<br>forward<br>contracts<br>(\$'000s) | Total<br>(\$'000s) | % of<br>net assets |
| U.S. dollar       | 4,316,509                | 12                | (421,318)  | 3,895,203          | 47.20%             |
| 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 June 30, 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 increased or decreased, respectively, by approximately \$388.7 million or 3.8% 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 equities, 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 shares, 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.

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the

**8. Financial instrument risk (continued):**

remaining period to the contractual maturity date. The amount in the tables are the contractual undiscounted cash flows.

|                                  | On demand<br>(\$'000s) | < 3 months<br>(\$'000s) | Total<br>(\$'000s) |
|----------------------------------|------------------------|-------------------------|--------------------|
| June 30, 2018                    |                        |                         |                    |
| Payable for units redeemed       | 9,349                  | –                       | 9,349              |
| Payable for securities purchased | 98,738                 | –                       | 98,738             |
| Accrued liabilities              | –                      | 5,479                   | 5,479              |
| December 31, 2017                |                        |                         |                    |
| 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:**

| June 30, 2018                   |                   |              |                     |                      |                    |
|---------------------------------|-------------------|--------------|---------------------|----------------------|--------------------|
| Call options                    | Expiry date       | Strike price | Number of contracts | Average cost ('000s) | Fair value ('000s) |
| Standard and Poor's Jun/3000 CO | June 28, 2022     | \$ 3,000     | 31,376              | \$ 1,688             | \$ 11,378          |
| SX5E CALL 3815.67 061623        | June 16, 2023     | 3,816        | 29,004,573          | 9,164                | 8,233              |
| SX7E CALL 141.53 021723         | February 17, 2023 | 142          | 8,067,789           | 3,050                | 1,540              |
| SX7E CALL 141.53 031723         | March 17, 2023    | 142          | 8,067,789           | 3,065                | 1,559              |
| SX7E CALL 141.53 042123         | April 21, 2023    | 142          | 8,067,789           | 3,050                | 1,570              |
|                                 |                   |              |                     | \$ 20,017            | \$ 24,280          |

**10. Schedule of foreign exchange forward contracts:**

| June 30, 2018              |                                  |                                 |                |                    |
|----------------------------|----------------------------------|---------------------------------|----------------|--------------------|
| Settlement date            | Currency to be delivered ('000s) | Currency to be received ('000s) | Contract price | Fair value ('000s) |
| September 20, 2018         | 59,000 USD                       | 78,192 CAD                      | 1.3253         | \$ 739             |
| September 28, 2018         | 64,500 USD                       | 85,372 CAD                      | 1.3236         | 710                |
| October 02, 2018           | 79,000 USD                       | 104,888 CAD                     | 1.3277         | 1,201              |
| October 03, 2018           | 74,500 USD                       | 99,087 CAD                      | 1.3300         | 1,308              |
|                            |                                  |                                 |                | \$ 3,958           |
| August 22, 2018            | 45,500 USD                       | 58,513 CAD                      | 1.2860         | (1,246)            |
| August 29, 2018            | 37,500 USD                       | 48,664 CAD                      | 1.2977         | (582)              |
| August 31, 2018            | 86,500 USD                       | 111,931 CAD                     | 1.2940         | (1,660)            |
| September 06, 2018         | 72,000 USD                       | 92,969 CAD                      | 1.2912         | (1,571)            |
| September 14, 2018         | 22,000 USD                       | 28,489 CAD                      | 1.2950         | (394)              |
| October 03, 2018           | 2,133 USD                        | 2,107 JPY                       | 82.7520        | (26)               |
|                            |                                  |                                 |                | (5,479)            |
| Total number of contracts: | 10                               |                                 | Net fair value | \$ (1,521)         |

**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.



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

June 30, 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      | 3,958  | 3,958  | (2,047)   | 11,992                  | 1,911      |
| Foreign exchange forward contracts – liabilities | (5,479)  | (5,479)  | 2,047   | 885                     | (2,547)    |

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 | –  | –  | –   | –                       | –          |

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