LDIC North American Energy Infrastructure Fund

Financial Statements

December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Unitholders of North American Energy Infrastructure Fund (The "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2014 and 2013, and April 18, 2013, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the periods ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2014 and 2013, and April 18, 2013, and its financial performance and its cash flows for the periods ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 5, 2015

LDIC North American Energy Infrastructure Fund
Statements of Financial Position

		As at December 31, 2014		As at December 31, 2013		As at April 18, 2013
Assets						
Current assets						
Financial assets at fair value through profit or loss (notes 3, 12, and 13)	$	29,497,926	$	8,693,489	$	-
Cash		1,934,080		3,566,681		150,000
Due from manager		-		29,705		-
Prepaid Fees		12,431		-		-
Accrued dividends		88,525		30,693		-
Accrued interest		29,378		8,759		-
Subscriptions receivable		645		172,734		-
Total assets		31,562,985		12,502,061		150,000
Liabilities						
Current liabilities						
Performance fees		293,246		-		-
Accrued expenses		84,059		45,534		-
Management fees payable		29,968		13,526		-
Total liabilities (excluding Net Assets attributable to holders of redeemable units)		407,273		59,060		-
Net Assets attributable to holders of redeemable units (notes 4 and 12)	$	31,155,712	$	12,443,001	$	150,000
Net Assets attributable to holders of redeemable units per class (note 12)						
Class A	$	11,144,636	$	3,723,153	$	-
Class F	$	20,011,076	$	8,719,848	$	15,000
Net Assets attributable to holders of redeemable units per class per unit (note 4 and 12)						
Class A	$	10.91	$	10.99	$	-
Class F	$	11.10	$	11.09	$	10.00

Approved on behalf of LDIC Inc., as manager of the LDIC North American Energy Infrastructure Fund

/s/Michael B. Decter
Michael B. Decter, Director

/s/Graham Scott
Graham Scott, Director

LDIC North American Energy Infrastructure Fund
Statements of Comprehensive Income
For the year ended December 31, 2014 and for the period from April 18, 2013 (commencement of operations) to December 31, 2013

		2014		2013
Net Gain (loss) on Financial Instruments				
Dividend income	$	665,980	$	143,828
Interest for distribution purposes		162,364		30,616
Foreign exchange gain (loss) on cash		(24,380)		(4,832)
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss				
Net realized gain (loss) on sale of investments		(1,110)		133,428
Change in unrealized appreciation (depreciation) in value of investments		(885,479)		952,315
Change in unrealized appreciation (depreciation) in value of foreign exchange from currency		(14,258)		14,177
Net Gain (loss) on Financial Instruments		(96,883)		1,269,532
Expenses (note 5)				
Performance fees		322,250		-
Management fees		382,690		70,697
Custodian fees		9,323		625
Audit fees		36,219		16,859
Legal fees		31,193		8,991
Valuation fees		38,739		5,642
Independent Review Committee fees		2,898		3,330
Transaction costs		80,265		12,669
Filing fees		2,291		412
Securityholder reporting costs		54,712		12,531
Other expenses		53,615		37,046
Dividend expense		-		1,450
		1,014,195		170,252
Fees recovered (waived) and expenses absorbed by manager (note 5)		(4,188)		(29,705)
Total operating expenses		1,010,007		140,547
Operating profit (loss)		(1,106,890)		1,128,985
Withholding taxes (note 6 and 12)		(27,311)		(2,644)
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	$	(1,134,201)	$	1,126,341
Increase (decrease) in Net Assets attributable to holders of redeemable units per class from operations (excluding distributions)				
Class A	$	(553,662)	$	325,281
Class F	$	(580,539)	$	801,060
Average number of units outstanding for the period per class				
Class A		778,680		229,846
Class F		1,333,657		489,736
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit from operations (excluding distributions)				
Class A	$	(0.71)	$	1.42
Class F	$	(0.44)	$	1.64

LDIC North American Energy Infrastructure Fund

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

For the year ended December 31, 2014 and for the period from April 18, 2013 (commencement of operations) to December 31, 2013

	2014	2013	**2014**	2013
	Class A		**Class F**	
Net Assets attributable to holders of redeemable units at beginning of year	$ 3,723,153	$ -	$ 8,719,848	$ -
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	(553,662)	325,281	(580,539)	801,060
Redeemable unit transactions				
Proceeds from redeemable units issued	9,152,874	3,439,433	14,162,109	7,934,596
Redemption of redeemable units	(1,121,408)	(34,618)	(2,231,117)	(13,119)
Reinvestments of distributions to holders of redeemable units	191,261	48,241	367,449	122,384
	8,222,727	3,453,056	12,298,441	8,043,861
Distributions to holders of redeemable units				
From net investment income	(16,755)	(9,103)	(27,439)	(20,631)
From net realized capital gains	-	(35,964)	-	(83,968)
Return of capital	(230,827)	(10,117)	(399,235)	(20,474)
	(247,582)	(55,184)	(426,674)	(125,073)
Net Increase (decrease) in Net Assets attributable to holders of redeemable units	7,421,483	3,723,153	11,291,228	8,719,848
Net Assets attributable to holders of redeemable units at end of year	$ 11,144,636	$ 3,723,153	$ 20,011,076	$ 8,719,848

	2014	2013
	Total	
Net Assets attributable to holders of redeemable units at beginning of year	$ 12,443,001	$ -
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	(1,134,201)	1,126,341
Redeemable unit transactions		
Proceeds from redeemable units issued	23,314,983	11,374,029
Redemption of redeemable units	(3,352,525)	(47,737)
Reinvestments of distributions to holders of redeemable units	558,710	170,625
	20,521,168	11,496,917
Distributions to holders of redeemable units		
From net investment income	(44,194)	(29,734)
From net realized capital gains	-	(119,932)
Return of capital	(630,062)	(30,591)
	(674,256)	(180,257)
Net Increase (decrease) in Net Assets attributable to holders of redeemable units	18,712,711	12,443,001
Net Assets attributable to holders of redeemable units at end of year	$ 31,155,712	$ 12,443,001

LDIC North American Energy Infrastructure Fund
Statements of Cash Flows

For the year ended December 31, 2014 and for the period from April 18, 2013 (commencement of operations) to December 31, 2013

	2014	2013
Cash flows from (used in) operating activities		
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	$ (1,134,201)	$ 1,126,341
Adjustments for:		
Foreign exchange gain (loss) on cash	24,380	4,832
Net realized gain (loss) on sale of investments	1,110	(133,428)
Change in unrealized appreciation (depreciation) in value of investments	885,479	(952,315)
Purchases of investments	(35,296,770)	(11,286,029)
Proceeds from sale of investments	13,605,744	3,678,283
Accrued dividends	(57,832)	(30,693)
Accrued interest	(20,619)	(8,759)
Due from manager	29,705	(29,705)
Prepaid fee	(12,431)	-
Performance fees	293,246	-
Management fees payable	16,442	13,526
Accrued expenses	38,525	45,534
Net cash from (used in) operating activities	(21,627,222)	(7,572,413)
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(115,546)	(9,632)
Proceeds from redeemable units issued	23,487,072	11,201,295
Redemption of redeemable units	(3,352,525)	(47,737)
Net cash from (used in) financing activities	20,019,001	11,143,926
Foreign exchange gain (loss) on cash	(24,380)	(4,832)
Net increase (decrease) in cash	(1,608,221)	3,571,513
Cash at beginning of period	3,566,681	-
Cash at end of period	1,934,080	3,566,681

Supplemental Cash Flow Information:

Dividends received, net of withholding taxes	580,837	110,491
Interest received	141,745	21,857

LDIC North American Energy Infrastructure Fund
Schedule of Investment Portfolio
As at December 31, 2014

Par Value/ Number of Shares	Description	Maturity Date	Coupon Rate	Average Cost ($)	Fair Value ($)	% of Net Assets
	Bonds					
	Corporate Bonds					
1,372,000	Canadian Energy Services & Technology Corp.	17-Apr-20	7.375%	1,452,421	1,325,695	
				1,452,421	1,325,695	4.2
	Foreign Bonds					
1,227,000	Calfrac Holdings LP	01-Dec-20	7.500%	1,406,587	1,207,998	3.9
	Total Bonds			2,859,008	2,533,693	8.1
	Equities - Canada					
	Energy					
43,497	AltaGas Ltd.			1,843,755	1,885,160	
34,000	AltaGas Ltd.			850,000	873,800	
121,937	Canadian Energy Services & Technology Corp.			936,470	774,300	
19,168	Crescent Point Energy Corp.			762,397	515,810	
60,222	Gibson Energy Inc.			1,681,827	1,637,436	
50,901	Inter Pipeline Ltd.			1,413,589	1,829,382	
21,922	Keyera Corp.			1,559,776	1,777,217	
41,185	Parkland Fuel Corp.			825,555	895,362	
39,143	Pembina Pipeline Corp.			1,571,003	1,657,315	
530,000	Petrowest Corp.			589,851	376,300	
50,371	Secure Energy Services Inc.			889,792	854,796	
48,833	Veresen Inc.			818,098	896,574	
29,493	Williams Cos Inc.			1,595,000	1,535,165	
				15,337,113	15,508,617	49.8
	Industrials					
11,678	Canadian National Railway Co.			774,710	934,474	
8,049	Union Pacific Corp.			819,556	1,110,622	
				1,594,266	2,045,096	6.6
	Utilities					
55,000	Algonquin Power & Utilities Corp.			545,257	530,200	1.7
	Financials					
25,407	Canadian Western Bank			898,340	832,079	2.7
	Equities- United States					
11,567	Dow Chemical Co.			616,989	611,060	
36,720	General Electric Co.			1,006,222	1,074,759	
6,744	LyondellBasell Industries NV			686,039	620,135	
15,680	Macquarie Infrastructure Co. LLC			1,193,735	1,291,093	
10,340	Phillips 66			873,958	858,703	
20,960	Plains GP Holdings LP			674,020	623,432	
23,733	Quanta Services Inc.			830,071	780,407	
15,060	Spectra Energy Corp.			690,960	633,191	
16,080	Teekay Corp.			998,465	947,810	
18,730	Trinity Industries Inc.			655,332	607,651	
				8,225,791	8,048,241	25.8
	Total Equities			26,600,767	26,964,233	86.6
	Transaction costs			(28,686)		
	Total Investments			29,431,089	29,497,926	94.7
	Other Assets, Less Liabilities				1,657,786	5.3
	Net Assets Attributable to Holders of Redeemable Units				$ 31,155,712	100.0

1. Establishment of Trust

The LDIC North American Energy Infrastructure Fund (the “Fund”) is a mutual fund trust created under the laws of the Province of Ontario by Declaration of Trust dated April 12, 2013. LDIC Inc. (the ‘Manager”) is the Trustee and Manager of the Fund. The address of the funds registered office is LDIC Inc. 130 King Street West, Suite 2130. These financial statements were authorized for issue by the Manager on March 4, 2015.

The investment objective of the Fund is principally to provide long-term capital appreciation with the potential for income, by investing primarily in equity securities (including common shares and warrants), fixed-income investments and other income-producing securities of issuers based in North America.

The Fund is authorized to issue an unlimited number of Class A and Class F units. The capital received by the Fund is utilized within the investment mandate of the Fund. This includes the ability to make liquidity to satisfy unitholders’ unit redemption requirements upon the unitholders’ request. The Fund is not subject to any externally imposed capital requirements.

The Fund may create an unlimited number of classes of units, and may offer and sell an unlimited number of series of units of each class. Currently, the Fund offers Class A units and Class F units.

Class A units are designed for retail investors. Dealers through whom Class A units are purchased will receive initial commission’s payable by the investor, and on-going service fees (also called “trailer fees” or “trailing commissions”) from the Manager on behalf of the Fund. The inception date for Class A is May 10, 2013.

Class F units are designed for investors who participate in fee-based investment programs offered by their dealers. Class F units are only available to investors whose dealer has entered into an agreement with the Manager to make Class F units available to clients of that dealer. The inception date for Class F is April 23, 2013.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of annual financial statements, including IFRS 1, First-time adoption of International Financial Reporting Standards. The Fund adopted International Financial Reporting Standards (“IFRS”) on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as defined in Part V of the CPA Canada Handbook. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at April 18, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 12 discloses the impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

The policies applied in these annual financial statements are based on IFRS issued and outstanding as of March 4, 2015, which is the date on which the annual financial statements were authorized for issue by the Manager.

In applying IFRS, management makes estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses reported in these financial statements. The most significant estimates relate to the valuation of financial instruments. Actual results may differ from the estimates.

These financial statements have been presented in Canadian dollars, which is the Fund’s functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statements of Comprehensive Income – Foreign exchange gain (loss) on cash.

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each valuation day.

(b) Financial instruments

The Fund's investments in equity securities are designated at fair value through profit or loss ("FVTPL") at inception. The Fund's obligation for Net Assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments are identical to those used in measuring its published Net Asset Value (NAV). The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Financial instruments classified as Held For Trading: Financial assets and liabilities are classified as Held For Trading if they are acquired for the purpose of selling and/or repurchasing in the near term, and are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial instruments designated as FVTPL through inception: All investments held by the Fund are designated as fair value through profit or loss upon initial recognition. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's prospectus.

(c) Fair value measurements

Financial Instruments are valued at their fair value which is defined as 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 are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that days 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 Funds use a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

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

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

A valuation hierarchy table has been included at Note 10 Fair Value Disclosure.

(d) Cash

Cash is comprised of deposits with financial instruments

(e) Multiclass allocation

Expenses, realized and unrealized gains/losses and income generally are allocated among the classes on a pro-rata basis.

Class specific management fees are not allocated and do not require allocation.

(f) Transaction costs

Transaction costs, such as brokerage commissions incurred in the purchase and sale of securities are expensed, and are included in "Transaction Costs" in the Statements of Comprehensive Income.

(g) Unit valuation and valuation date

Units are issued and redeemed on a continuing basis at the Net Assets attributable to holders of redeemable units which is determined for each class of units of the Fund on each valuation day. A "valuation day" is any day that the Toronto Stock Exchange is open for business, unless the Fund is not accepting orders to purchase, switch or redeem units on that day (in the circumstances described in simplified prospectus for the Fund in the section called "Purchases, switches, and redemptions"). To determine the Net Asset Value per unit for a class of units of a Fund, the Manager or its agent determines the value of the proportionate share of the assets of the Fund attributable to the particular class less the liabilities of the Fund attributed to only that class and the proportionate share of the common liabilities of the Fund allocated to that class. This amount is then divided by the total number of units of that class then held by investors.

(h) Investment transactions

Investment transactions are accounted for on the trade date. All income, net realized gains (losses), unrealized appreciation (depreciation) in the value of investments and transaction costs are attributable to investments which are deemed held for trading.

(i) Revenue recognition

- The interest for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the fund accounted for on an accrual basis. The fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis..
- Dividend income is recorded on the ex-dividend date and is gross of withholding taxes.
- Realized gains and losses on investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments.

(j) Increase/ (decrease) in Net Assets Attributable to Holders of Redeemable Units per unit

The increase/(decrease) in Net Assets attributable to holders of redeemable units per unit" in the Statements of Comprehensive Income represents the net increase/(decrease) in Net Assets attributable to holders of redeemable units per unit, divided by the weighted average units outstanding during the period of that class of units.

(k) Accounting Standards Issued but not yet Adopted

IFRS 9: Financial Instruments ("IFRS 9"), which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been tentatively set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9.

(l) Critical Accounting Estimates and Judgments

1) Fair value measurements of financial instruments not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market markers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding.

2) Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make judgments about the classification of financial instruments and the applicability of the fair value option to its investments which are not held for trading. The fair value option has been applied to the Fund's investments in equity securities as the investments are managed on a fair value basis in accordance with the Fund's investment strategy.

4. Redeemable units

The units of the Fund are issued and redeemed at their Net Assets attributable to holders of redeemable units per unit. Net Assets attributable to holders of redeemable units per class per unit is determined on a daily basis by dividing the Fund's Net Assets attributable to holders of redeemable units by the total number of units of the class of the Fund that are outstanding on such valuation date.

The Fund has no restrictions or specific capital requirements on the issuance and redemptions of units. In accordance with its investment objectives, strategies, and risk management practices, the Fund endeavors to invest the amounts received on issuance of units in appropriate investments in order to maximize unitholder value and maintain financial strength while preserving sufficient liquidity to meet redemptions.

During the year, unit transactions of the Fund were as follows:

	2014	
	Class A	**Class F**
Outstanding at the beginning of the year	**338,773**	**786,118**
Redeemable units issued	**761,963**	**1,172,897**
Redeemable units reinvested	**16,194**	**30,866**
Redeemable units redeemed	**(95,654)**	**(187,829)**
Outstanding at the end of the year	**1,021,276**	**1,802,052**

	2013	
	Class A	Class F
Outstanding at the beginning of the year	-	-
Redeemable units issued	337,357	775,618
Redeemable units reinvested	4,679	11,764
Redeemable units redeemed	(3,263)	(1,264)
Outstanding at the end of the year	338,773	786,118

5. Related Party Transactions

Michael Decter, an officer and director of the Manager of the Fund, made an initial investment of $150,000 on April 26, 2013 to start up the Fund. As at December 31, 2014, the Manager of the Fund and certain directors and officers of the Manager held a total of 235,572 Class F units of the Fund.

Management Fees and Expenses

The Manager provides investment and administrative services to the Fund. In consideration for these services the Manager receives a fee based on a percentage of the Net Assets of the Fund calculated daily and payable monthly, as follows:

Class A - 2.00% per annum

Class F - 1.00% per annum

The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business. These expenses include, but are not limited to, administration and accounting costs, the costs of any back-office service provider retained by the Manager, transaction costs, audit and legal fees, custodial fees, index licensing fees, regulatory filing fees, the costs of preparing and distributing annual and semi-annual financial statements, prospectuses, unitholder reports and investor communications. At times, the Manager may pay a portion of the expenses otherwise payable by the Fund.

At its sole discretion, the manager may stop absorbing operating expenses and/or waiving management fees at any time. Operating expenses absorbed and/or management fees waived by the manager are disclosed on the statement of comprehensive income.

The Fund will pay a performance fee to LDIC Inc., plus applicable taxes, at the end of each fiscal year. The performance fee will be 10% of the amount by which the class NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the units of the Fund) (the "**ending NAV"**) exceeds the target NAV (the **"target NAV**"). The target NAV is calculated by multiplying the Class NAV, net of performance fees paid, as at the last performance fee payment date (the **"beginning NAV**") by the sum of one plus the return of the Fund's "benchmark" (the "**benchmark return**") over the same period.

6. Taxation of the Fund and Allocation to Unitholders

The Fund qualifies as a mutual fund trust as defined in the Income Tax Act (Canada) (the "Act"). Pursuant to the terms of the Declaration of Trust, the Fund pays or makes payable in the calendar year to the unitholders all the net income and such portion of the net capital gains which will result in the Fund paying no tax under the current provisions of the Act. As a result, under existing tax legislation, the net income and net capital gains are taxable in the hands of the unitholders of the Fund. Accordingly, no provision for Canadian income taxes has been made in these financial statements. 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 separately in the Statements of Comprehensive Income.

7. Transaction Costs

Commissions and other transaction fees paid for portfolio transactions for the year ended was $80,265 (2013 - $12,669).

8. Soft Dollar Commissions

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover research services provided to the Manager. The value of the research services included in the commissions paid by the Fund to those brokers for the year ended December 31, 2014 and 2013 was $611.34 and nil respectively.

9. Financial Risk Management

In the normal course of operations, the Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (defined as interest rate risk, currency risk and other price risk). The value of investments in a Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities in the portfolio. The level of risk depends on the Fund's objectives and the type of securities it holds. In order to mitigate risk, depending on conditions, the Manager diversifies the portfolio based on criteria such as asset class, country, industry and currency. Significant risks that are relevant to the Fund are discussed below. "Net Assets" below is defined as Net Assets attributable to holders of redeemable units.

As at date of opening restatement of financial position the Fund was not exposed to any other risks. As at April 18, 2013 the Fund only invested in cash. The below described risk is as at December 31, 2014 and 2013.

(a) Other market risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The Fund is exposed to other price risk from investments in equities. As at December 31, 2014, approximately 86.6% (2013 – 63.18%) of the Fund's Net Assets were held directly in equities. If equity prices on the exchanges increased or decreased by 5% as at December 31 ,2014, the Net Assets of the Fund would have increased or decreased by approximately $1,348,212 (2013 – 393,099) or 4.3% of the Net Assets, all other factors remaining constant. In practice, the actual results may differ and the difference could be material.

(b) Currency risk

Currency risk is the risk that the fair value of financial instruments denominated in currencies other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate because of changes in foreign exchange rates.

	December 31, 2014		December 31, 2013	
	Currency Exposure ($)	**Percentage of Net Assets (%)**	Currency Exposure ($)	Percentage of Net Assets (%)
U.S. Dollar	**11,944,733**	**44.7**	2,121,779	19.5

As at December 31, 2014, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies represented in the portfolio, with all other variables remaining constant, Net Assets would have decreased or increased by approximately $597,237 (2013 - $121,089) of Net Assets. In practice, the actual results may differ and the difference could be material.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments. Due to the short-term nature of the Fund's interest-bearing financial instruments (predominately cash and cash equivalents), the Fund is not subject to significant amounts of risk from fluctuations in the prevailing levels of market interest rates.

As at December 31, 2014 and 2013, the Fund's direct exposure to debt instruments by maturity was as follows:

		Less than 1 year ($)	1 - 5 years ($)	More than 5 years ($)	Total ($)
Interest Rate Exposure	**December 31, 2014**	**-**	**-**	**2,533,693**	**2,533,693**
	December 31, 2013	-	276,750	550,837	827,587

As at December 31, 2014, should interest rates have decreased or increased by 0.25% with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $29,088 (2013 - $8,288) In practice, the actual trading results may differ and the difference could be material.

(d) Credit risk

Credit risk represents the potential loss that the Fund would incur if counterparties failed to perform in accordance with the terms of their obligations to the Fund. The Manager only trades with approved counterparties and monitors reporting that includes approved counterparty listings, trade volumes and exposure reports. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. The trade will fail if either party fails to meet its obligation. The Fund maintains all of its cash and cash equivalents at the custodian or in overnight deposits with approved counterparties and ensures that appropriate collateral is received.

As at December 31, 2014 and 2013, the Fund had directly invested in debt instruments with the following Standard and Poor's credit ratings:

	As a % of Net Assets	
Portfolio by rating category	**December 31, 2014**	December 31, 2013
BB	**3.9%**	6.7%
B	**4.2%**	-
	8.1%	6.7%

(e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with its financial liabilities. The Fund's primary exposure to liquidity risk relates to its unitholders' right to redeem their units on any Valuation Date. Liquidity risk is managed by retaining sufficient cash and cash equivalent positions and invests majority of its assets in portfolio investments that are traded in an acive market and can be readily disposed. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.

Thin trading in a security could make it difficult to liquidate holdings quickly. The Manager considers market depth and the relationship between liquidity and size of the position as part of the criteria for approval of a new investment and in its periodic reevaluation of the investment.

(f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk.

Investment Sector	December 31, 2014	December 31, 2013
Corporate Bonds	4.20%	4.50%
Foreign Bonds	3.90%	2.20%
Energy	56.60%	42.10%
Financials	2.70%	3.00%
Industrials	21.60%	18.10%
Materials	4.00%	-
Utilities	1.70%	-
Net Other Assets	5.30%	30.10%
Total	100.00%	100.00%

10. Fair Value Disclosure

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2014, December 31, 2013. As at April 18, 2013 the Fund only invested in cash.

	Financial Assets at Fair Value as at Decmber 31 ,2014			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities	26,964,233	-	-	26,964,233
Bonds	-	2,533,693	-	2,533,693
	26,964,233	2,533,693	-	29,497,926
	Financial Assets at Fair Value as at December 31, 2013			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities	7,861,986	-	-	7,861,986
Bonds	-	831,503	-	831,503
	7,861,986	831,503	-	8,693,489

11. Capital Management

The Fund's investment objective is primarily to provide long-term capital appreciation with the potential for income, by investing primarily in equity securities, fixed income investments and other income-producing securities based in North America.

The capital of the Fund is divided into 2 classes, Class A and Class F with each class having an unlimited number of units. The units issued and outstanding represent the capital of the Fund and unit holders are entitled to distributions when declared. The distributions are based on the Manger's estimate of the actual income for the year.

For the year ended December 31, 2014, the Fund made a distribution of $0.30/unit to its outstanding unit holders. Distributions are automatically reinvested or paid in cash if opted by the unit holders.

The Fund manages its capital in accordance with the investment objectives and strategies and the risk management practices outlined in Note 9 under Financial Risk Management. The Manager actively monitors the cash position and financial performance to ensure sufficient liquidity to meet operating expenses, distributions, and redemptions.

12. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition Elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies.*

Statement of Cash Flows

Under Canadian GAAP, the Fund was exempt from providing a Statement of Cash Flows. IAS 1 requires that a complete set of financial statements include a Statement of Cash Flows for the current and comparative years, without exception.

Reconciliation of Equity and Comprehensive Income as Previously Reported Under Canadian GAAP to IFRS

Equity		**December 31, 2013**		**April 18, 2013**
Equity as reported under Canadian GAAP	$	12,428,659	$	150,000
Revaluation of investments at fair value through profit or loss		14,342		-
Net assets attributable to holders of redeemable units	$	12,443,001	$	150,000

Comprehensive Income		**Year ended December 31, 2013**
Comprehensive income as reported under Canadian GAAP	$	1,111,999
Revaluation of investments at fair value through profit or loss		14,342
Increase (decrease) in Net assets attributable to holders of redeemable units	$	1,126,341

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, in order for redeemable units to be classified as equity certain criteria (as outlined in IAS 32) must be met, including a criterion that the redeemable units not be subject to a contractual obligation to deliver cash or another financial asset to another entity. The Fund's redeemable units do not meet this IAS 32 criterion for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Revaluation of Investments at Fair Value through Profit or Loss

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CPA Handbook Section 3855: Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, upon adoption of IFRS, an adjustment was recognized to increase the carrying amount of the Fund's investments by $14,342 as at December 31, 2013. The impact of this adjustment was to increase the Fund's Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units by $14,342 for the year ended December 31, 2013. There was no impact to the Fund upon adoption as at April 18, 2013, as the Fund was only invested in cash.

Reclassification Adjustments

In addition to the measurement adjustments noted above, the Fund reclassified amounts upon transition in order to conform to its financial statement presentation under IFRS. Withholding taxes of $2,644 for the year ended December 31, 2013 which were previously netted against dividend income under Canadian GAAP, have been reclassified and presented separately under IFRS.

13. Financial Instruments

The Fund's equity investments are measured at fair value through profit or loss ("FVTPL"). Short-term investments, along with all other financial assets and liabilities, are recognized initially at fair value and subsequently measured at amortized cost which approximates fair value due to their short-term nature.

The following tables present the carrying amounts of the Fund’s financial assets by category as at December 31, 2014, December 31, 2013 and April 18, 2013:

December 31, 2014	Financial assets at FVTPL			Financial assets	
Assets	**HFT**	**Designated at inception**	**Total**	**at amoritzed cost**	**Total**
Financial assets at fair value through profit or loss	$ -	$ 29,497,926	$ 29,497,926	$ -	$ 29,497,926
Cash	-	-	-	1,934,080	1,934,080
Prepaid Fees	-	-	-	12,431	12,431
Accrued dividends	-	-	-	88,525	88,525
Accrued interest	-	-	-	29,378	29,378
Subscriptions receivable	-	-	-	645	645
Total	**$ -**	**$ 29,497,926**	**$ 29,497,926**	**$ 2,065,059**	**$ 31,562,985**

December 31, 2013	Financial assets at FVTPL			Financial assets	
Assets	**HFT**	**Designated at inception**	**Total**	**at amoritzed cost**	**Total**
Financial assets at fair value through profit or loss	$ -	$ 8,693,489	$ 8,693,489	$ -	$ 8,693,489
Cash	-	-	-	3,566,681	3,566,681
Due from manager	-	-	-	29,705	29,705
Accrued dividends	-	-	-	30,693	30,693
Accrued interest	-	-	-	8,759	8,759
Subscriptions receivable	-	-	-	172,734	172,734
Total	**$ -**	**$ 8,693,489**	**$ 8,693,489**	**$ 3,808,572**	**$ 12,502,061**

April 18, 2013		Financial assets at FVTPL			Financial assets		
			Designated at		at amoritzed		
Assets		**HFT**	**inception**	**Total**	**cost**		**Total**
Cash		-	-	-	150,000		150,000
Total	**$**	**- $**	**- $**	**- $**	**150,000**	**$**	**150,000**

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the year ended December 31:

Category	**Net gains (losses)**	
	2014	2013
Net gains (losses) on financial instruments at FVTPL:		
Held-for-Trading	**-**	**-**
Designated at inception	**(96,883)**	1,269,532
Total	**(96,883)**	1,269,532