



LDIC North American Infrastructure Fund

Interim Financial Statements

June 30, 2018

LDIC North American Infrastructure Fund

Statements of Financial Position (unaudited)

As at June 30, 2018 and December 31, 2017

	2018	2017
Assets		
Current assets		
Financial assets at fair value through profit or loss (note 3)	\$ 6,708,773	\$ 10,279,525
Cash	83,737	1,691,185
Accrued dividends	7,890	15,534
Accrued interest	7,440	12,449
Total assets	6,807,840	11,998,693
Liabilities		
Current liabilities		
Performance fees	-	222,087
Accrued expenses	80,292	92,364
Other payable	150,000	-
Redemptions payable	13,919	-
Management fees payable	-	7,640
Total liabilities (excluding Net Assets attributable to holders of redeemable units)	244,211	322,091
Net Assets attributable to holders of redeemable units (note 4)	\$ 6,563,629	\$ 11,676,602
Net Assets attributable to holders of redeemable units per class		
Class A	\$ 995,058	\$ 4,283,137
Class F	\$ 5,568,571	\$ 7,393,465
Net Assets attributable to holders of redeemable units per class per unit (note 4)		
Class A	\$ 10.09	\$ 10.74
Class F	\$ 10.59	\$ 11.22

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

/s/ Michael B. Decter

Michael B. Decter, Director

/s/ Beryl McCallum

Beryl McCallum, Director

LDIC North American Infrastructure Fund

Statements of Comprehensive Income (unaudited)

For the six-month period ended June 30,

	2018	2017
Net gain (loss) on financial instruments		
Dividend income	\$ 76,590	\$ 177,768
Interest for distribution purposes	14,034	13,313
Foreign exchange gain (loss)	(4,354)	6,303
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	815,571	524,838
Change in unrealized appreciation (depreciation) in value of investments	(1,105,409)	(433,270)
Change in unrealized appreciation (depreciation) in value of foreign exchange from currency	5,071	1,024
Net gain (loss) on financial instruments	(198,497)	289,976
Expenses (note 5)		
Performance fees	-	293,691
Management fees	48,783	95,426
Custodian fees	4,100	4,472
Audit fees	10,836	12,449
Legal fees	5,468	5,963
Valuation fees	17,497	19,082
Independent review committee fees	1,494	1,790
Transaction costs (note 7)	31,161	23,486
Securitylending cost	3,160	-
Filing fees	10,275	10,860
Securityholder reporting costs	12,870	21,766
Other expenses	20,343	27,579
Total operating expenses	165,987	516,564
Operating profit (loss)	(364,484)	(226,588)
Withholding taxes (note 6)	1,757	(7,200)
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	\$ (362,727)	\$ (233,788)
Increase (decrease) in Net Assets attributable to holders of redeemable units per class from operations (excluding distributions)		
Class A	\$ (44,093)	\$ (108,179)
Class F	\$ (318,634)	\$ (125,609)
Average number of units outstanding for the period per class		
Class A	126,396	526,076
Class F	577,353	705,666
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit from operations (excluding distributions)		
Class A	\$ (0.35)	\$ (0.21)
Class F	\$ (0.55)	\$ (0.18)

The accompanying notes are an integral part of these financial statements

LDIC North American Infrastructure Fund
Statements of Cash Flows (unaudited)
For the six-month period ended June 30,

	2018	2017
Cash flows from (used in) operating activities		
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	\$ (362,727)	\$ (233,788)
Adjustments for:		
Foreign exchange (gain) loss	4,354	(6,303)
Net realized (gain) loss on sale of investments	(815,571)	(524,838)
Change in unrealized (appreciation) depreciation in value of investments	1,105,409	433,270
Purchases of investments	(3,668,693)	(6,057,409)
Proceeds from sale of investments	6,949,607	7,591,902
Accrued dividends	7,644	(6,183)
Accrued interest	5,009	-
Performance fees	(222,087)	284,300
Management fees payable	(7,640)	(10,654)
Other payable	150,000	-
Accrued expenses	(12,072)	21,893
Net cash from (used in) operating activities	3,133,233	1,492,190
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(4,136)	(19,425)
Proceeds from redeemable units issued	5,400	118,478
Redemption of redeemable units	(4,737,591)	(972,471)
Net cash from (used in) financing activities	(4,736,327)	(873,418)
Foreign exchange gain (loss)	(4,354)	6,303
Net increase (decrease) in cash	(1,603,094)	618,772
Cash at beginning of period	1,691,185	132,319
Cash at end of period	\$ 83,737	\$ 757,394
Supplemental Cash Flow Information:		
Dividends received, net of withholding taxes	\$ 85,991	\$ 164,385
Interest received	19,043	13,313

LDIC North American Infrastructure Fund

Schedule of Investment Portfolio

As at June 30, 2018 (unaudited)

Par Value/ Number of Shares	Description	Maturity Date /Expiry Date	Coupon Rate	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Bonds						
Corporate Bonds						
800,000	Hydro One Ltd.	September 30, 2027	4.000%	286,710	219,920	
150,000	Nextblock Global Limited	July 15, 2020	8.000%	150,000	150,000	
Total Bonds				<u>436,710</u>	<u>369,920</u>	<u>5.6</u>
Equities - Canada						
Energy						
6,000	Enbridge Inc.			227,773	282,000	
28,100	Enerplus Corp.			416,748	465,897	
15,350	Inter Pipeline Ltd.			349,237	378,224	
11,000	Keyera Corp.			362,478	402,380	
4,600	Pembina Pipeline Corp.			190,147	209,438	
25,000	Superior Plus Corp.			312,500	319,250	
5,200	Vermilion Energy Inc.			233,100	246,532	
				<u>2,091,983</u>	<u>2,303,721</u>	<u>35.2</u>
Financials						
5,700	Brookfield Asset Management Inc.			288,365	303,981	4.6
Health Care						
22,800	Bradmer Pharmaceuticals Inc.			114,000	114,000	1.7
Industrials						
9,000	Brookfield Business Partners LP			441,182	453,510	
35,000	Chorus Aviation Inc.			238,453	246,400	
250,000	Engagement Labs Inc., Warrants	November 21, 2019		-	-	
1,150,000	Jet Power & Controls Ltd.			345,000	345,000	
575,000	Jet Power & Controls Ltd., Warrants	February 17, 2020		-	1	
2,800	SNC-Lavalin Group Inc.			155,137	162,568	
				<u>1,179,772</u>	<u>1,207,479</u>	<u>18.4</u>
Information Technology						
13,600	Descartes Systems Group Inc.			401,975	582,488	8.9
Materials						
117,600	Global Blockchain Mining Corp.			-	29,400	
117,600	Global Blockchain Technologies Corp., Warrants	November 21, 2019		-	-	
7,500	Hut 8 Mining Corp.			18,750	21,750	
				<u>18,750</u>	<u>51,150</u>	<u>-</u>
Utilities						
47,700	Global Water Resources Inc.			410,209	593,150	
24,000	Polaris Infrastructure Inc.			257,797	337,920	
				<u>668,006</u>	<u>931,070</u>	<u>14.2</u>
Equities - United States						
Utilities						
10,000	Brookfield Infrastructure Partners LP			372,276	504,400	
1,550	NextEra Energy Inc.			257,014	340,564	
				<u>629,290</u>	<u>844,964</u>	<u>12.8</u>
Total Equities				<u>5,392,141</u>	<u>6,338,853</u>	<u>96.6</u>
Transaction costs				(8,333)		
Total Investments				<u>5,820,518</u>	<u>6,708,773</u>	<u>102.2</u>
Other Assets, Less Liabilities					(145,144)	(2.2)
Net Assets Attributable to Holders of Redeemable Units				<u>\$</u>	<u>6,563,629</u>	<u>100.0</u>

LDIC North American Infrastructure Fund

Notes to Financial Statements (unaudited)

June 30, 2018

1. GENERAL INFORMATION

The LDIC North American Infrastructure Fund (the “Fund”) is an open-ended investment 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 Fund’s registered office is 130 King Street West, Suite 2130, Toronto, Ontario. These financial statements were authorized for issue by the Manager on August 17, 2018.

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 commissions 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

These interim financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34: Interim Financial Reporting, as published by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS standards issued and outstanding as of August 17, 2018, which is the date on which the interim statements were authorized for issue by the Manager.

In the preparation of these interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Fund’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards and interpretations

Effective January 1, 2018 the Fund adopted IFRS 9, Financial Instruments - Classification and Measurement (“IFRS 9”). The new standard requires financial assets to be classified as amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgement.

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The classification and measurement of financial liabilities remain generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously classified as FVTPL under IAS 39, Financial Instruments – Recognition and Measurement (“IAS 39”) continue to be classified in the same category and there were no changes in the measurement attributes. The adoption of IFRS 9 has also been applied retrospectively and did not result in any changes in the prior period.

(b) Foreign currency translation

The Fund's functional and presentation currency is the Canadian dollar. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated into Canadian dollars at the rate of exchange prevailing at the date 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).

The fair value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the Statement of Financial Position date.

(c) Financial instruments

The Fund classifies and measures financial instruments in accordance with IFRS 9. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (“FVTPL”). The Fund's obligation for Net Assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and 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.

(d) 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 is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The Fund uses 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); and
- 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 in Note 10, Fair Value Disclosure.

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(e) Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized costs or FVOCI. Financial assets held by the Fund which are measured at FVTPL will not be subject to the new impairment requirements.

With respect to loans and receivables, the Funds consider both historical analysis and forward looking information in determining any expected credit loss. As at the period end date, all loans and receivables are due to be settled within the short term. The Funds consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Funds to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

(f) Cash

Cash comprises of deposits with financial institutions.

(g) Multi-class 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.

(h) 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.

(i) 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 the simplified prospectus for the Fund in the section called "Purchases and redemptions"). To determine the NAV 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.

(j) 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 that are deemed held for trading.

(k) 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.

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Notes to Financial Statements (unaudited)

June 30, 2018

(l) 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 number of units outstanding during the period of that class of units.

(m) Accounting standards issued but not yet adopted

The Fund has determined there are no material implications to the Fund's financial statements arising from IFRS issues but not yet effective.

(n) Critical accounting estimates and judgments

- 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 makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. When no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally, recognized as standard within the industry.

- 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 significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business models, the manner in which all financial assets and financial liabilities are managed and performance evaluates as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate classification of the Fund's financial instruments.

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 per class 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 endeavours 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 period, unit transactions of the Fund were as follows:

	June 2018	
	Class A	Class F
Outstanding at the beginning of the period	398,723	659,071
Redeemable units issued	-	499
Redeemable units reinvested	1,420	7,535
Redeemable units redeemed	(301,561)	(141,265)
Outstanding at the end of the period	98,582	525,840

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June 30, 2018

	June 2017	
	Class A	Class F
Outstanding at the beginning of the period	542,667	725,081
Redeemable units issued	6,820	4,368
Redeemable units reinvested	6,060	9,473
Redeemable units redeemed	(46,738)	(44,891)
<u>Outstanding at the end of the period</u>	<u>508,809</u>	<u>694,031</u>

5. RELATED PARTY TRANSACTIONS

As at June 30, 2018, the Manager of the Fund and certain Directors and Officers of the Manager held a total of 176,446 (2017 - 171,548) 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, custodian 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 certain 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 Statements 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 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 that 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.

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The Fund has accumulated capital loss carry forwards as of December 31, 2017 of \$2,723,220 (2016 - \$2,723,220), which may be applied against future years' capital gains and can be carried forward indefinitely. As of December 31, 2017, there were \$12,582 (2016 - \$12,582) in non-capital losses available in the Fund, which can be carried forward until 2036.

7. TRANSACTION COSTS

Commissions and other transaction fees paid for portfolio transactions for the period ended June 30, 2018 were \$31,161 (2017 - \$23,486).

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 periods ended June 30, 2018 and 2017 was \$4,460 and \$3,272, 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 (which includes interest rate risk, currency risk, other price risk and concentration 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 that 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.

(a) 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 June 30, 2018 and December 31, 2017, the Fund had directly invested in debt instruments with the following Standard & Poor's credit ratings:

Portfolio by rating category	As a % of Net Assets	
	June 30, 2018	December 31, 2017
A	3.3%	2.5%
NR	2.3%	1.3%
	<u>5.6%</u>	<u>1.3%</u>

(b) 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' rights to redeem their units on any valuation date. Liquidity risk is managed by retaining sufficient cash and cash equivalent positions and investing the majority of the Fund's assets in portfolio investments that are traded in an active market and can be readily disposed of.

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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 re-evaluation of the investment.

(c) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund's activities may expose it to different types of market risk including currency risk, interest rate risk, other price risk and concentration risk.

(i) 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.

	June 30, 2018		December 31, 2017	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. dollar	351,795	5.4	1,249,403	10.7

As at June 30, 2018, 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 \$17,590 (December 31, 2017- \$62,470). In practice, the actual results may differ and the difference could be material.

(ii) 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.

As at June 30, 2018 and December 31, 2017, the Fund's direct exposure to debt instruments by maturity was as follows:

		Less than	1 - 5 years	More than	Total (\$)
		1 year (\$)	(\$)	5 years (\$)	
Interest rate exposure	June 30, 2018	-	150,000	219,920	369,920
	December 31, 2017	-	150,000	297,400	447,400

As at June 30, 2018, 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 \$3,120 (December 31, 2017 - \$4,934). In practice, the actual trading results may differ, and the difference could be material.

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(iii) Other price 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 risk 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 June 30, 2018, approximately 90.94% (December 31, 2017 – 84.20%) of the Fund’s Net Assets were held directly in equities. If equity prices on the exchanges increased or decreased by 5.0% as at June 30, 2018, the Net Assets of the Fund would have increased or decreased by approximately \$298,447, or 4.5% (December 31, 2017 - \$491,606, or 4.2%), with all other factors remaining constant. In practice, the actual results may differ and the difference could be material.

(iv) 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	June 30, 2018	December 31, 2017
Corporate Bonds	5.6%	3.8%
Consumer Discretionary	-	4.4%
Energy	35.2%	7.2%
Financial	4.6%	3.5%
Health Care	1.7%	-
Information Technology	8.9%	13.9%
Industrials	18.4%	15.4%
Materials	0.8%	6.0%
Real Estate	-	7.9%
Utilities	27.0%	25.9%
Net Other Assets/Liabilities	-2.2%	12.0%
Total	100.0%	100%

10. FAIR VALUE DISCLOSURE

The following tables illustrate the classification of the Fund’s assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2018 and December 31, 2017:

	Financial Assets at Fair Value as at June 30, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities	5,858,102	21,750	459,000	6,338,852
Warrants	-	-	1	1
Bonds	-	219,920	150,000	369,920
	5,858,102	241,670	609,001	6,708,773

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	Financial Assets at Fair Value as at December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities	8,651,436	729,438	438,750	9,819,624
Warrants	-	12,500	1	12,501
Bonds	-	297,400	150,000	447,400
	<u>8,651,436</u>	<u>1,039,338</u>	<u>588,751</u>	<u>10,279,525</u>

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used to determine their fair value:

		Bonds	Equities
Balance as at December 31, 2017	\$	150,000	\$ 438,751
Purchases		-	114,000
Sales		-	(93,750)
Net transfers in (out)		-	-
Realized gains (losses)		-	-
Change in unrealized appreciation (depreciation) on investments		-	-
Balance as at June 30, 2018	\$	150,000	\$ 459,001
Net change in unrealized appreciation from investments as at Jun 30, 2018	\$	-	\$ -

		Bonds	Equities
Balance as at December 31, 2016	\$	-	\$ -
Purchases		150,000	438,751
Sales		-	-
Net transfers in (out)		-	-
Realized gains (losses)		-	-
Change in unrealized appreciation (depreciation) on investments		-	-
Balance as at December 31, 2017	\$	150,000	\$ 438,751
Net change in unrealized appreciation from investments as at December 31, 2017	\$	-	\$ -

The Fund Manager of the Fund is responsible for performing the valuation of the fair value measurements included in the financial statements, including the level 3 fair values. As at June 30, 2018 and December 31, 2017, the fair values of level 3 securities held by the Fund were comprised of the following securities and the unobservable inputs used in the fair value measurement of these investments were:

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Investment Name	Fair Value (\$)	Valuation Technique	Unobservable inputs
Bradmer Pharmaceuticals Inc.	114,000	Recent Transactions	N/A
Jet Power & Controls Ltd.	345,000	Recent Transactions	N/A
Jet Power & Controls Ltd., Warrants	1	Recent Transactions	N/A
Nextblock Global Limited	150,000	Recent Transactions	N/A
Total	609,001		

December 31, 2017

Investment Name	Fair Value (\$)	Valuation Technique	Unobservable inputs
Hut 8 Mining Corp.	93,750	Recent Transactions	N/A
Jet Power & Controls Ltd.	345,000	Recent Transactions	N/A
Jet Power & Controls Ltd., Warrants	1	Recent Transactions	N/A
Nextblock Global Limited	150,000	Recent Transactions	N/A
Total	588,751		

There is no sensitivity impact to the fair value of level 3 securities.

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 two 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 unitholders are entitled to distributions when declared. The distributions are based on the Manager's estimate of the actual income for the year.

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