LDIC North American Infrastructure Fund

Financial Statements

June 30, 2019

LDIC North American Infrastructure Fund
Statements of Financial Position (unaudited)
As at June 30, 2019 and December 31, 2018

		2019		2018
Assets				
Current assets				
Financial assets at fair value through profit or loss (note 3)	**$**	**3,184,458**	$	3,093,704
Cash		**837,273**		1,672,320
Accrued dividends		**16,668**		5,004
Accrued interest		**11,244**		5,358
Total assets		**4,049,643**		4,776,386
Liabilities				
Current liabilities				
Performance fees		**28,879**		6,221
Accrued expenses		**79,277**		105,892
Redemptions payable		**-**		7,557
Management fees payable		**1,674**		3,369
Other payable		**210,000**		210,000
Total liabilities (excluding Net Assets attributable to holders of redeemable units)		**319,830**		333,039
Net Assets attributable to holders of redeemable units (note 4)	**$**	**3,729,813**	$	4,443,347
Net Assets attributable to holders of redeemable units per class				
Class A	**$**	**722,910**	$	678,526
Class F	**$**	**3,006,903**	$	3,764,821
Net Assets attributable to holders of redeemable units per class per unit (note 4)				
Class A	**$**	**8.94**	$	8.16
Class F	**$**	**9.46**	$	8.59

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,

		2019		2018
Net gain (loss) on financial instruments				
Dividend income	**$**	**74,365**	$	76,590
Interest for distribution purposes		**26,010**		14,034
Foreign exchange gain (loss)		**257**		(4,354)
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		**186,572**		815,571
Change in unrealized appreciation (depreciation) in value of investments		**380,547**		(1,105,409)
Change in unrealized appreciation (depreciation) in value of foreign exchange from currency		**(9,451)**		5,071
Net gain (loss) on financial instruments		**658,300**		(198,497)
Expenses (note 5)				
Performance fees		**35,676**		-
Management fees		**27,798**		48,783
Valuation fees		**17,522**		17,497
Transaction costs (note 7)		**15,581**		31,161
Other expenses		**14,513**		20,343
Audit fees		**11,265**		10,836
Filing fees		**10,093**		10,275
Legal fees		**8,536**		5,468
Securityholder reporting costs		**7,817**		12,870
Custodian fees		**4,026**		4,100
Independent review committee fees		**1,611**		1,494
Security lending cost		**-**		3,160
Total operating expenses		**154,438**		165,987
Operating profit (loss)		**503,862**		(364,484)
Withholding taxes (note 6)		**(980)**		1,757
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	**$**	**502,882**	$	(362,727)
Increase (decrease) in Net Assets attributable to holders of redeemable units per class from operations (excluding distributions)				
Class A	**$**	**72,062**	$	(44,093)
Class F	**$**	**430,820**	$	(318,634)
Average number of units outstanding for the period per class				
Class A		**82,450**		126,396
Class F		**379,263**		577,353
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit from operations (excluding distributions)				
Class A	**$**	**0.87**	$	(0.35)
Class F	**$**	**1.14**	$	(0.55)

LDIC North American Infrastructure Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

For the six-month period ended June 30,

	2019	2018	**2019**	2018
	Class A		**Class F**	
Net Assets attributable to holders of redeemable units at beginning of period	**$ 678,526**	$ 4,283,137	**$ 3,764,821**	$ 7,393,465
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	**72,062**	(44,093)	**430,820**	(318,634)
Redeemable unit transactions				
Proceeds from redeemable units issued	**-**	-	**-**	5,400
Redemption of redeemable units	**(27,366)**	(3,243,063)	**(1,187,346)**	(1,508,447)
Reinvestments of distributions to holders of redeemable units	**5,858**	14,165	**26,328**	78,781
	(21,508)	(3,228,898)	**(1,161,018)**	(1,424,266)
Distributions to holders of redeemable units				
From net investment income	**(6,170)**	(15,088)	**(27,720)**	(81,994)
	(6,170)	(15,088)	**(27,720)**	(81,994)
Net increase (decrease) in Net Assets attributable to holders of redeemable units	**44,384**	(3,288,079)	**(757,918)**	(1,824,894)
Net Assets attributable to holders of redeemable units at end of period	**$ 722,910**	$ 995,058	**$ 3,006,903**	$ 5,568,571

	2019	2018
	Total	
Net Assets attributable to holders of redeemable units at beginning of period	**$ 4,443,347**	$ 11,676,602
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	**502,882**	(362,727)
Redeemable unit transactions		
Proceeds from redeemable units issued	**-**	5,400
Redemption of redeemable units	**(1,214,712)**	(4,751,510)
Reinvestments of distributions to holders of redeemable units	**32,186**	92,946
	(1,182,526)	(4,653,164)
Distributions to holders of redeemable units		
From net investment income	**(33,890)**	(97,082)
	(33,890)	(97,082)
Net increase (decrease) in Net Assets attributable to holders of redeemable units	**(713,534)**	(5,112,973)
Net Assets attributable to holders of redeemable units at end of period	**$ 3,729,813**	$ 6,563,629

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

		2019		2018
Cash flows from (used in) operating activities				
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations (excluding distributions)	**$**	**502,882**	$	(362,727)
Adjustments for:				
Foreign exchange (gain) loss		**(257)**		4,354
Net realized (gain) loss on sale of investments		**(186,572)**		(815,571)
Change in unrealized (appreciation) depreciation in value of investments		**(380,547)**		1,105,409
Purchases of investments		**(3,523,085)**		(3,668,693)
Proceeds from sale of investments		**3,999,450**		6,949,607
Accrued dividends		**(11,664)**		7,644
Accrued interest		**(5,886)**		5,009
Performance fees		**22,658**		(222,087)
Management fees payable		**(1,695)**		(7,640)
Other payable		**-**		150,000
Accrued expenses		**(26,615)**		(12,072)
Net cash from (used in) operating activities		**388,669**		3,133,233
Cash flows from (used in) financing activities				
Distributions paid to holders of redeemable units, net of reinvested distributions		**(1,704)**		(4,136)
Proceeds from redeemable units issued		**-**		5,400
Redemption of redeemable units		**(1,222,269)**		(4,737,591)
Net cash from (used in) financing activities		**(1,223,973)**		(4,736,327)
Foreign exchange gain (loss)		**257**		(4,354)
Net increase (decrease) in cash		**(835,304)**		(1,603,094)
Cash at beginning of period		**1,672,320**		1,691,185
Cash at end of period	**$**	**837,273**	$	83,737
Supplemental Cash Flow Information:				
Dividends received, net of withholding taxes	**$**	**62,701**	$	85,991
Interest received		**20,124**		19,043

LDIC North American Infrastructure Fund
Schedule of Investment Portfolio
As at June 30, 2019 (unaudited)

Par Value/ Number of Shares	Description	Maturity Date /Expiry Date	Coupon Rate	Average Cost ($)	Fair Value ($)	% of Net Assets
	Bonds					
	Corporate Bonds					
150,000	Nextblock Global Limited	July 15, 2020	8.000%	-	-	
	Total Bonds			-	-	-
	Equities - Canada					
	Energy					
8,200	Gibson Energy Inc.			183,479	191,470	
8,500	Parkland Fuel Corp.			329,539	353,175	
7,500	Pembina Pipeline Corp.			349,705	365,625	
266,500	Tidewater Midstream and Infrastructure Ltd.			378,666	381,095	
				1,241,389	1,291,365	34.6
	Financials					
5,700	Brookfield Asset Management Inc.			288,365	357,105	9.6
	Industrials					
47,700	Chorus Aviation Inc.			282,631	368,244	
95,000	Drone Delivery Canada Corp.			159,656	108,300	
				442,287	476,544	12.8
	Materials					
117,600	Global Gaming Technologies Corp., Warrants	February 17, 2020		-	768	
				-	768	-
	Utilities					
27,400	Algonquin Power & Utilities Corp.			399,475	434,838	
				399,475	434,838	11.7
	Equities - United States					
	Utilities					
3,700	Boralex Inc.			70,966	72,853	
6,985	Brookfield Infrastructure Partners LP			270,469	392,069	
11,400	Innergex Renewable Energy Inc.			161,657	158,916	
				503,092	623,838	16.7
	Total Equities			2,874,608	3,184,458	85.4
	Transaction costs			(6,833)		
	Total Investments			2,867,775	3,184,458	85.4
	Other Assets, Less Liabilities				545,355	14.6
	Net Assets Attributable to Holders of Redeemable Units				$ 3,729,813	100.0

LDIC North American Infrastructure Fund
Notes to Financial Statements (unaudited)
June 30, 2019

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 13, 2019.

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 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 13, 2019, which is the date on which the financial statements were authorized for issue by the Manager.

In the preparation of these 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) IFRS 9, Financial Instruments

The Fund applied IFRS 9, Financial Instruments ("IFRS 9"). The 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 judgment. 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. 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 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.

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.

(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 values 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) 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.

(d) Impairment of financial assets

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

With respect to loans and receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the year-end date, all loans and receivables are due to be settled within the short term. The Fund considers 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 Fund to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

(e) Cash

Cash comprises deposits with financial institutions.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 year of that class of units.

(l) 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 markers. 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 have their performance evaluated 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 2019	
	Class A	**Class F**
Outstanding at the beginning of the period	**83,204**	**438,122**
Redeemable units reinvested	**(2,981)**	**(123,022)**
Redeemable units redeemed	**632**	**2,687**
Outstanding at the end of the period	**80,855**	**317,787**

	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

5. RELATED PARTY TRANSACTIONS

As at June 30, 2019, the Manager of the Fund and certain Directors and Officers of the Manager held a total of nil (2018 – nil) Class A units and 172,071 (2018 – 176,446) 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 year.

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.

The Fund has accumulated capital loss carry-forwards as of December 31, 2018 of $2,723,220 (2017 – $2,723,220), which may be applied against future years' capital gains and can be carried forward indefinitely. As of December 31, 2018, there was $12,582 (2017 – $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, 2019 were $15,581 (2018 – $31,161).

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, 2019 and 2018 was $3,940 and $4,460, 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.

Credit risk arises from investments in debt instruments. As at June 30, 2019 and December 31, 2018, the Fund had no direct investments in debt instruments. All cash is held with a financial institution with a minimum credit rating of A-1+.

(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. 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, 2019		December 31, 2018	
	Currency Exposure ($)	**Percentage of Net Assets (%)**	Currency Exposure ($)	Percentage of Net Assets (%)
U.S. dollar	**302,926**	**8.1**	388,414	8.7

As at June 30, 2019, 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 $15,146 (December 31, 2018 – $19,421). 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.

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. As at June 30, 2019 and December 31, 2018, the Fund did not have significant exposure to interest rate risk.

(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, 2019, approximately 85.4% (December 31, 2018 – 69.60%) 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, 2019, the Net Assets of the Fund would have increased or decreased by approximately $159,223, or 4.3% (December 31, 2018 – $154,685, or 3.5%), 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 28, 2019**	December 31, 2018
Energy	**34.6%**	19.4%
Financials	**9.6%**	6.7%
Industrials	**12.8%**	22.8%
Utilities	**28.4%**	20.7%
Net Other Assets/Liabilities	**14.6%**	30.4%
Total	**100.0%**	100.0%

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, 2019 and December 31, 2018:

	Financial Assets at Fair Value as at June 30, 2019			
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Equities	**3,183,690**	**-**	**-**	**3,183,690**
Warrants	**-**	**-**	**768**	**768**
	3,183,690	**-**	**768**	**3,184,458**

	Financial Assets at Fair Value as at December 31, 2018			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities	3,092,901	-	-	3,092,901
Warrants	-	-	803	803
	3,092,901	-	803	3,093,704

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

		Equities
Balance as at December 31, 2018	**$**	**803**
Purchases		-
Sales		-
Net transfers in (out)		-
Realized gains (losses)		-
Change in unrealized appreciation (depreciation) on investments		**(35)**
Balance as at June 30, 2019	**$**	**768**
Net change in unrealized appreciation from investments as at June 30, 2019	**$**	**(35)**

		Bonds		Equities
Balance as at December 31, 2017	$	150,000	$	438,751
Purchases		-		-
Sales		(150,000)		(438,751)
Net transfers in (out)		-		781
Realized gains (losses)		-		-
Change in unrealized appreciation (depreciation) on investments		-		22
Balance as at December 31, 2018	$	-	$	803
Net change in unrealized appreciation from investments as at December 31, 2018	$	-	$	22

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, 2019 and December 31, 2018, the fair values of Level 3 securities held by the Fund comprised the following securities and the unobservable inputs used in the fair value measurement of these investments were as follows:

Investment Name	**Fair Value ($)**	**Valuation Technique**	**Unobservable inputs**
Nextblock Global Limited	**-**	**Recent Transactions**	**N/A**
Global Blockchain Technologies Corp., Warrants	**768**	**Recent Transactions**	**N/A**
Total	**768**		

December 31, 2018

Investment Name	Fair Value ($)	Valuation Technique	Unobservable inputs
Nextblock Global Limited	-	Recent Transactions	N/A
Global Blockchain Technologies Corp., Warrants	803	Recent Transactions	N/A
Total	803		

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.