Financial Statements of

THE McELVAINE INVESTMENT TRUST

And Independent Auditors' Report thereon

Years ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of The McElvaine Investment Trust

Opinion

We have audited the accompanying financial statements of The McElvaine Investment Trust (the Entity), which comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended;
- and notes to the statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting (IFRS), and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Entity's ability to continue as a going concern disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 14, 2019

THE McELVAINE INVESTMENT TRUST

Statements of Financial Position

December 31, 2018 and 2017

	2018	2017
Assets		
Cash	$ 3,581,884	$ 7,507,074
Interest and dividends receivable	7,025	18,000
Derivative assets:		
Options	4,092	383,578
Investments	24,145,753	26,586,216
	27,738,754	34,494,868
Liabilities		
Accrued liabilities	76,327	85,506
Net assets attributable to holders of redeemable units	**$ 27,662,427**	**$ 34,409,362**
Represented by:		
Series B	$ 26,415,010	$ 33,166,171
Series C	17,014	58,809
Series F	1,230,403	1,142,642
Series X	-	41,740
	$ 27,662,427	$ 34,409,362
Net assets attributable to holders of redeemable units per unit:		
Series B	$ 5.17	$ 6.24
Series C	5.25	6.29
Series F	10.70	12.80
Series X	-	9.81

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager,
McElvaine Investment Management Ltd.

____________________ Director

Tim McElvaine, Director

THE McELVAINE INVESTMENT TRUST

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note		2018		2017
Revenue:					
Dividend income		$	318,252	$	245,004
Interest income			27,094		1,372
Net foreign currency (loss) gain			(8,785)		69,416
Changes in fair value of investments and derivatives:					
Net realized (loss) gain			(1,020,968)		4,800,497
Net change in unrealized (depreciation) appreciation			(4,576,833)		2,478,421
Total revenue			(5,261,240)		7,594,710
Expenses:					
Management fees	4		329,915		321,207
Commissions and other portfolio transaction costs			48,557		76,008
Trustee, custodial and legal			66,319		64,505
Audit and tax fees			24,155		48,531
Operations and other expenses			18,740		22,696
Withholding taxes	5		12,933		7,220
Performance fees	4		-		1,848
Total operating expenses			500,619		542,015
(Decrease) increase in net assets attributable to holders of redeemable units from operations excluding distributions			(5,761,859)		7,052,695
(Decrease) increase in net assets attributable to holders of redeemable units		$	(5,761,859)	$	7,052,695
(Decrease) increase in net assets attributable to holders of redeemable units:					
Series B		$	(5,513,879)	$	6,804,837
Series C			(3,495)		10,436
Series F			(243,744)		229,217
Series X			(741)		8,205
		$	(5,761,859)	$	7,052,695
(Decrease) increase in net assets attributable to holders of redeemable units per unit:					
Series B		$	(1.06)	$	2.87
Series C			(0.56)		1.45
Series F			(2.21)		2.91
Series X			(0.17)		1.93

The accompanying notes are an integral part of these financial statements.

THE McELVAINE INVESTMENT TRUST

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

Years ended December 31, 2018 and 2017

	Series B	Series C	Series F	Series X	Total
Balance, December 31, 2017	$ 33,166,171	$ 58,809	$ 1,142,642	$ 41,740	$ 34,409,362
Decrease in net assets attributable to holders of redeemable units	(5,513,879)	(3,495)	(243,744)	(741)	(5,761,859)
Redeemable unit transactions:					
Issue of redeemable units	80,000	1,000	-	-	81,000
Transfer in/out of units	(308,249)	(24,095)	373,343	(40,999)	-
Redemption of redeemable units	(1,009,033)	(15,205)	(41,838)	-	(1,066,076)
Net decrease from redeemable unit transactions	(1,237,282)	(38,300)	331,505	(40,999)	(985,076)
Balance, December 31, 2018	$ 26,415,010	$ 17,014	$ 1,230,403	$ -	$ 27,662,427

	Series B	Series C	Series F	Series X	Total
Balance, December 31, 2016	$ 29,007,449	$ 33,973	$ 713,425	$ 33,535	$ 29,788,382
Increase in net assets attributable to holders of redeemable units	6,804,837	10,436	229,217	8,205	7,052,695
Redeemable unit transactions:					
Issue of redeemable units	110,000	14,400	200,000	-	324,400
Redemption of redeemable units	(2,756,115)	-	-	-	(2,756,115)
Net increase (decrease) from redeemable unit transactions	(2,646,115)	14,400	200,000	-	(2,431,715)
Balance, December 31, 2017	$ 33,166,171	$ 58,809	$ 1,142,642	$ 41,740	$ 34,409,362

The accompanying notes are an integral part of these financial statements.

THE McELVAINE INVESTMENT TRUST

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
(Decrease) Increase in net assets attributable to holders of redeemable units	$ (5,761,859)	$ 7,052,695
Adjustments for:		
Interest income	(27,094)	(1,372)
Dividend income,	(318,252)	(245,004)
Withholding taxes	12,933	7,220
Net foreign currency loss (gain)	8,785	(69,416)
Net realized loss (gain) from investments and derivatives	1,020,968	(4,800,497)
Net change in unrealized depreciation (appreciation)	4,576,833	(2,478,421)
Proceeds from sale of investments	6,694,183	18,818,116
Purchase of investments	(9,472,035)	(14,932,693)
Net (decrease) increase in accrued liabilities	(9,179)	4,598
	(3,274,717)	3,355,226
Withholding taxes paid	(12,933)	(7,220)
Interest received	27,094	1,372
Dividends received	329,227	234,754
	(2,931,329)	3,584,132
Financing activities:		
Proceeds from issue of redeemable units	81,000	324,400
Payments on redemption of redeemable units	(1,066,076)	(2,756,115)
	(985,076)	(2,431,715)
Net increase (decrease) in cash	(3,916,405)	1,152,417
Cash, beginning of year	7,507,074	6,285,241
Effect of exchange rate fluctuations on cash	(8,785)	69,416
Cash, end of year	$ 3,581,884	$ 7,507,074

The accompanying notes are an integral part of these financial statements.

THE McELVAINE INVESTMENT TRUST

Schedule of Investments

December 31, 2018

	Number of shares / par value	Cost	Fair value
Canadian - Equities:			
Bonterra Energy Corp.	25,000	$ 169,736	$ 161,500
Carmanah Technologies Corp.	450,000	629,119	2,700,000
Empire Industries Ltd.	1,000,000	417,309	365,000
Glacier Media Inc.	4,000,000	5,857,850	2,400,000
ITAFOS	400,000	840,000	400,000
Jaguar Mining Inc.	1,000,000	197,439	210,000
Knight Therapeutics Inc.	150,000	1,253,139	1,153,500
Maxim Power Corp.	1,200,000	3,202,153	2,604,000
Orca Exploration Group Inc., Class B	115,000	527,056	580,750
Power Corporation of Canada	35,000	939,694	858,550
Prairiesky Royalty Ltd.	25,000	458,750	441,750
Sprott Resource Holdings Inc.	300,000	1,249,285	336,000
The Caldwell Partners International Inc., Class A	624,700	522,788	812,110
Village Farms International Inc.	250,000	384,023	1,105,000
Whitecap Resources Inc.	200,000	830,419	870,000
Wow Unlimited Media Inc., Class A	1,398,300	2,582,112	1,677,960
Total Canadian equities		20,060,872	16,676,120
United States - Equities			
Baker Hughes A Ge Co.	25,000	942,106	733,288
General Electric Co.	50,000	484,808	516,371
Greenlight Capital Re Ltd.	50,000	954,851	587,995
Jefferies Financial Group	75,000	1,773,041	1,776,262
SEACOR Marine Holdings Inc.	60,000	1,181,859	962,619
Voya Financial Inc.	25,000	727,127	1,369,031
Total United States equities		6,063,792	5,945,566
Foreign - Equities			
Anglo American PLC	50,000	752,122	1,524,067
Total Foreign equities		752,122	1,524,067
Total Investment Portfolio		$ 26,876,786	$ 24,145,753
Derivatives:			
Options (Schedule 1)			$ 4,092
Other Net Assets			3,512,582
Total Net Assets			$ 27,662,427

The accompanying notes are an integral part of these financial statements.

THE McELVAINE INVESTMENT TRUST

Schedule of Option Contracts

Schedule 1

December 31, 2018

Number of Contracts	Description	Expiration date		Cost		Fair value
1,000	General Electric Co., @9.00 Call Option	January 18, 2019	$	48,955	$	4,092
Net value			$	48,955	$	4,092

The accompanying notes are an integral part of these financial statements.

1. Reporting entity:

The McElvaine Investment Trust (the "Trust") is a unit trust governed by the laws of British Columbia, which was formed pursuant to a Declaration of Trust dated September 27, 1996, as amended May 15, 2002, January 1, 2008, April 23, 2012 (collectively, the "Trust Agreement"), between McElvaine Investment Management Ltd. as manager and the Trust. McElvaine Investment Management Ltd. acts as trustee of the Trust pursuant to the Trust Agreement. The Trust is also managed by McElvaine Investment Management Ltd. (the "Manager"), which also provides investment counseling services. The address of the Trust's registered office is at Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia.

The Trust is an open-ended investment Trust with a fundamental investment objective to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value. The Manager intends to invest the Trust's assets primarily in common shares of publicly-traded companies. However, the Manager may make any type of investment that is believed to be consistent with the Trust's investment objective. There will be periods of time where a substantial portion of the Trust's assets will be held in the form of cash, short-term money market instruments or other fixed income instruments.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Manager on March 14, 2019.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(*i*) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

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

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Trust may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(*i*) Recognition and measurement (continued):

Financial assets are not reclassified subsequent to their initial recognition, unless the Trust changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Trust has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities, The Trust may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(*ii*) Fair value through profit and loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Trust's derivative financial assets and derivative financial liabilities and investments in securities are classified as FVTPL.

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

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

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(*iii*) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Trust classifies cash, interest and dividends receivable and accrued liabilities as amortized cost.

(b) Redeemable units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities at FVTPL and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Trust's valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

(c) Foreign exchange:

The financial statements of the Trust are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(d) Income recognition:

Interest income shown on the statement of comprehensive income represents interest received by the Trust accounted for on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(e) Income taxes:

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

4. Related party transactions:

Management fees:

The Trust pays a monthly fee to the Manager for management and administration services rendered, based on the net asset value ("NAV") of the respective series (prior to the calculation of any performance incentive fees, described below, on the last business day of the preceding month). The monthly fee payable to the Manager is based upon the following rates:

Series B	1/12 of 1.0% per annum
Series C	1/12 of 0.5% per annum
Series Cd	1/12 of 0.5% per annum
Series X	1/12 of 1.2% per annum

Series I units will pay management fees directly to the Manager in an amount determined by negotiation and set out in an agreement between the Manager and the investor.

There are no management fees charged on Series F and Fd units.

Performance fees:

The manager is entitled to receive the following performance incentive fees (plus applicable taxes, including GST or HST) from the Trust in respect of Series B, C, Cd, F and Fd units:

(*i*) Series B - 20% per annum of the amount (if any) by which any increase in the Series B net asset value during the fiscal year (after certain adjustments, including any prior period "shortfalls" in net asset value) exceeds 6%.

(*ii*) Series C and Cd - 20% of the amount (if any) by which the net asset value of each unit on the last business day of June each year (after certain adjustments) exceeds the applicable 6% High Water Mark (as defined below) for such unit.

(*iii*) Series F and Fd - 20% of the amount (if any) by which the net asset value of each unit on the last business day of December each year (after certain adjustments) exceeds the applicable 6% High Water Mark (as defined below) for such unit.

For the purpose of determining the performance incentive fee in respect of a Series C, Cd, F and Fd unit, the "6% High Water Mark" means the greater of (*i*) the subscription price for such unit multiplied by 1.06, and (*ii*) if a performance fee has been paid in respect of such unit, the applicable series net asset value per unit on the last date on which the performance fee was paid in respect of such unit multiplied by 1.06.

4. Related party transactions (continued):

Performance fees (continued):

No performance fee is paid by the Trust in respect of Series I units. Instead an investor who holds Series I units may be charged a negotiated performance fee, plus applicable taxes, including GST or HST, which is paid directly to us by the Series I investor and not by the Trust.

The performance incentive fee, if any, is estimated and accrued monthly during a fiscal year for the purpose of calculating the net assets per series and per unit at the end of each month, but is paid to the Investment Counsel annually within one month of the fiscal year-end of the Trust in either cash or units, at the discretion of the Investment Counsel.

The adjusted shortfall carried forward in respect of Series B of the Trust at December 31, 2018 and 2017, as applicable, was as follows:

	2018	2017
Series B	$ 17,821,083	$ 10,776,510

As at December 31, 2018 there is a high water mark for Series C of $6.27 (2017 - not applicable) and Series F of $12.50 (2017 - not applicable).

As at December 31, 2018 there were no units outstanding for Series Cd and Fd.

Series I units will pay performance fees directly to the Manager in an amount determined by negotiation and set out in an agreement between the Manager and the investor.

4. Related party transactions (continued):

Related party shareholdings:

As at December 31, 2018 and 2017, parties related to the Manager directly or indirectly held the following percentages of the Trust's outstanding units. Subscriptions and redemptions are subject to the same terms and conditions as arms-length investors in the Trust.

	2018	2017
Series B	1%	2%
Series C	34%	64%

As at December 31, 2018 and 2017, the aggregate investment in all investee companies owned by the Manager's directors and officers did not exceed 1% of the respective investee companies' issued and outstanding shares.

5. Withholding tax expense:

Certain dividend and interest income received by the Trust is subject to withholding tax imposed in the country of origin. During the year, the average effective withholding tax rate was 3.74% (2017 - 2.93%).

6. Redeemable units:

Pursuant to the Trust Agreement, the Trust is authorized to issue an unlimited number of units. Each series of units is described further below:

- Series B units are available from the Manager or through authorized dealers. These units may qualify for redesignation by the unitholder as Series C or Cd units.
- Series C and Cd units are available from the Manager or through authorized dealers. Series Cd units entitle the holder to receive a quarterly cash distribution of approximately 5% of the net asset value from the previous fiscal year. Series Cd was introduced in 2017 and does not have any units outstanding as at December 31, 2018 or 2017. These units may qualify for redesignation by the unitholder as Series B units.
- Series F and Fd units are available to investors having fee-based accounts with a qualifying dealer and to qualifying groups of investors. Series Fd units entitle the holder to receive a quarterly cash distribution of approximately 5% of the net asset value from the previous fiscal year. Series Fd was introduced in 2017 and does not have any units outstanding as at December 31, 2018 or 2017. These units may qualify for redesignation by the unitholder as Series B, C or Cd units.
- Series I units are available only to investors who have entered into an agreement with the Manager and meet certain other conditions. Series I was introduced in 2017 and does not have any units outstanding as at December 31, 2018 or 2017. These units may qualify for redesignation by the unitholder as Series B, C or Cd units.
- Series X units were cancelled as of March 1, 2018.

6. Redeemable units (continued):

The unit transactions for the Trust during the years ended December 31 are as follows:

December 31, 2018	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units issued on subdivision of units*	Redeemable units issued on reinvestment of distributions	Redemption of units	Consolidation of redeemable units	Transfer in/ out of units	Outstanding redeemable units, end of year
Series B	5,312,412	14,750	-	-	(165,762)	-	(48,999)	5,112,401
Series C	9,343	188	-	-	(2,422)	-	(3,868)	3,241
Series F	89,266	-	-	-	(3,253)	-	29,011	115,024
Series X	4,256	-	-	-	-	-	(4,256)	-
	5,415,277	14,938	-	-	(171,437)	-	(28,112)	5,230,666

December 31, 2017	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units issued on subdivision of units*	Redeemable units issued on reinvestment of distributions	Redemption of units	Consolidation of redeemable units	Transfer in / out of units	Outstanding redeemable units, end of year
Series B	1,452,044	11,417	4,017,009	-	(168,058)	-	-	5,312,412
Series C	3,291	1,559	4,493	-		-	-	9,343
Series F	70,172	19,094	-	-		-	-	89,266
Series X	4,256	-	-	-		-	-	4,256
	1,529,763	32,070	4,021,502	-	(168,058)	-	-	5,415,277

* Effective June 1, 2017, all issued and outstanding units of Class C series were subdivided for additional units, on a two for one basis of NAV value at the time of the split.

* Effective October 2, 2017, all issued and outstanding units of Class B series were subdivided for additional units, on a four for one basis of NAV value at the time of the split.

7. Capital management:

The redeemable units issued by the Trust represent the capital of the Trust. The Trust is not subject to any internally or externally imposed restrictions on its capital. The Trust's objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from distributions, if any, and redemptions.

8. Financial risk management:

(a) Risk management framework:

The Trust may be exposed to a variety of financial risks. The Trust's exposures to financial risks are concentrated in its investment holdings, including derivative instruments. The Schedule of Investments groups securities by asset type and geographic region. The Manager manages the potential effects of these financial risks on the Trust's performance by overseeing and regularly monitoring the Trust's position and market events, and diversifies the investment portfolio within the constraints of the investment guidelines. The fundamental investment objective of the Trust is to provide long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value.

8. Financial risk management:

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust, resulting in a financial loss to the Trust. It arises principally from debt securities held, and also from derivative financial assets, cash, and other receivables due to the Trust. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Trust's maximum exposure to credit risk.

Credit risk is managed by the Manager through a careful selection of securities and diversification of the Trust's portfolio. The Manager monitors the Trust's overall market positions on a daily basis and investment positions are maintained within an established range.

As at December 31, 2018 and 2017, the Trust did not hold any debt securities. In the Manager's opinion, the Trust does not have significant exposure to credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Trust's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust's Offering Memorandum provides for the monthly subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at each redemption date.

The Trust primarily invests in investments in listed securities that are considered to be readily realizable because they are traded on major global stock exchanges. In addition, the Trust retains sufficient cash and deposit positions to maintain liquidity. The Trust may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid.

The expiration date of the Trust's derivative liabilities is disclosed in the Schedule of Option Contracts.

The Trust's non-derivative liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option, however in the Manager's opinion the redeemable units do not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term.

8. Financial risk management:

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Trust's income or the fair value of its holdings of financial instruments.

(*i*) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Trust's primary interest rate risk relates to the investment of cash and deposits. From time to time, the Trust may also hold convertible debt securities of portfolio investees that the Trust will expect to be converted into equity investments. On this basis, the fair value of these investments is derived primarily from the fair value of the underlying equity of the portfolio investee. As at December 31, 2018 and 2017, the Trust did not hold any debt securities.

(*ii*) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Trust will fluctuate due to changes in foreign exchange rates.

The Trust's currency risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Trust may use foreign currency contracts to hedge some foreign currency exposure and engage in the buying and selling of currencies through forward contracts in order to achieve the desired currency exposure. At the reporting date, the carrying value of the Trust's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

December 31, 2018	Investments	Cash	Net other assets	Derivatives	Total
Canadian dollar	$ 16,676,120	$ 3,580,917	$ (69,302)	$ -	$ 20,187,735
US dollar	5,945,566	967	-	4,092	5,950,625
British pound	1,524,067	-	-	-	1,524,067
	$ 24,145,753	$ 3,581,884	$ (69,302)	$ 4,092	$ 27,662,427

December 31, 2017	Investments	Cash	Net other assets	Derivatives	Total
Canadian dollar	$ 19,402,726	7,506,845	(67,506)	$ -	$ 26,842,065
US dollar	5,869,464	229	-	383,578	6,253,271
British pound	1,314,026	-	-	-	1,314,026
	$ 26,586,216	$ 7,507,074	$ (67,506)	$ 383,578	$ 34,409,362

As at December 31, 2018 and 2017, had the Canadian dollar strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets would have increased or decreased by approximately $373,734 (2017 - increased or decreased by approximately $378,365). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

8. Financial risk management (continued):

(d) Market risk (continued):

(*iii*) Other price risk:

Other price risk is the risk that the fair value of the financial instrument 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 or its issuer or factors affecting all instruments traded in the market.

The Manager manages price risk on a daily basis. The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy of the Trust. Except for written options and securities sold short, the maximum risk resulting from financial instruments is equivalent to their fair values as set forth in the Trust's statement of financial position. Possible losses from written options and securities sold short can be unlimited.

The geographical breakdown of securities is disclosed in the Trust's Schedule of Investments.

As at December 31, 2018 and 2017, had the respective benchmark of the Trust increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately $2.4 million (2017 - $2.7 million) or 8.7% (2017 - 7.8%) of net assets attributable to redeemable units.

9. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Trust determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

9. Fair value of financial instruments (continued):

(a) Valuation models (continued):

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Trust uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as forward contracts and options that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Trust uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Trust believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Trust and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest rate swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgment is required to select the most appropriate point in the range.

9. Fair value of financial instruments (continued):

(b) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

2018	Level 1	Level 2	Level 3	Total
Equities	$ 24,145,753	$ -	$ -	$ 24,145,753
Derivatives	4,092	-	-	4,092
	$ 24,149,845	$ -	$ -	$ 24,149,845

2017	Level 1	Level 2	Level 3	Total
Equities	$ 26,586,216	$ -	$ -	$ 26,586,216
Derivatives	-	383,578	-	383,578
	$ 26,586,216	$ 383,578	$ -	$ 26,969,794

The carrying amount of the Trust's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2018 and 2017.

The Trust did not hold any Level 3 investments in 2018 and 2017.

(c) Financial instruments not measured at fair value:

The carrying value of cash, interest and dividends receivable, and accrued liabilities approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

10. Income taxes:

As at December 31, 2018, the Trust had net capital loss carry forwards of approximately $976,478 (2017 - $907,290) available for utilization against capital gains in future years. Such net capital losses are available to be carried forward indefinitely. The Trust had non-capital loss carry forwards of approximately $31,587 (2017 - nil). These non-capital losses expires as follows:

2038	$	31,587
	$	31,587

11. Changes in accounting policy:

The Trust has adopted IFRS 9 *Financial Instruments* ("IFRS 9") with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change form IAS 39 *Financial Instruments*: *Recognition and Measurement* ("IAS 39"). IFRS 9 specifies the accounting for financial instruments, including: classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 have been applied retrospectively. The nature and effects of the key changes to the Trust's accounting policy are summarized below.

(*i*) Classification and measurement of financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Trust may also, at initial recognition, irrevocably designate a financial asset as measured at FVTPL when doing so results in more relevant information. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities, The Trust may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

11. Changes in accounting policy (continued):

(*i*) Classification and measurement of financial assets and liabilities (continued):

The adoption of IFRS 9 did not result in any measurement differences in the Trust's financial assets and liabilities as at the transition date. The following table shows the original classification and measurement categories under IAS 39 and the new classification and measurement categories under IFRS 9 for each class of the Trust's financial assets and financial liabilities as at January 1, 2018.

	Original Classification under IAS 39	New Classification under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Interest and dividends receivable	Loans and receivables	Amortized cost
Derivatives	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Financial liabilities		
Accrued liabilities	Other financial liabilities	Amortized cost

(*ii*) Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. As the Trust measures its financial assets at FVTPL or holds only short-term financial assets at amortized cost, the impairment requirements under the new standard do not impact these financial statements.

(*iii*) Hedge accounting:

As permitted by IFRS 9, an election is available to continue to apply the hedge accounting requirements of IAS 39. However, the Trust has not applied hedge accounting under either standard. Therefore, the hedge accounting requirements under the new standard do not impact these financial statements.