

Financial Statements of

**ANALYTIC GLOBAL LOW  
VOLATILITY EQUITY FUND**

Year ended December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Analytic Global Low Volatility Equity Fund

We have audited the accompanying financial statements of Analytic Global Low Volatility Equity Fund, which comprise the statement of financial position as at December 31, 2017, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Analytic Global Low Volatility Equity Fund as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

March 22, 2018  
Toronto, Canada

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Cash	\$ 1,017,595	\$ 405,218
Receivable for securities sold	142,504	4,116
Subscriptions receivable	—	7,268
Accrued dividend receivable	110,193	86,719
Investments, at fair value	46,477,269	43,439,478
Prepaid expenses	27,986	33,313
Derivative assets	648	—
Total assets	47,776,195	43,976,112
<b>Liabilities</b>		
Payable for securities purchased	—	4,117
Redemptions payable	985,209	469,257
Total liabilities	985,209	473,374
Net assets attributable to holders of redeemable units	\$ 46,790,986	\$ 43,502,738
Redeemable units (note 3)	3,800,768	3,721,909
Net assets attributable to holders of redeemable units per unit	\$ 12.31	\$ 11.69

See accompanying notes to financial statements.

On behalf of the Manager,  
Integra Capital Limited:



Director

Graham Rennie



Director

Craig Honey

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

## Statement of Comprehensive Income

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Income:		
Dividends	\$ 1,655,401	\$ 1,599,530
Revenue from securities lending (note 7)	9,051	6,752
Other changes in fair value of investments:		
Net realized gain on sale of investments	1,816,773	2,587,476
Net foreign exchange gain (loss) on cash	1,912	(9,837)
Net other gain (loss)	(810)	44,631
Net change in unrealized appreciation (depreciation) of investments	2,360,860	(3,887,685)
<u>Total income</u>	<u>5,843,187</u>	<u>340,867</u>
Expenses (income):		
Custodial fees	71,811	107,285
Operating fees	5,389	7,510
Audit fees	16,894	26,245
Filing fees	1,000	1,000
Investment performance monitoring fees	(2,904)	10,000
Securityholder reporting costs	1,000	1,000
Transaction costs	19,164	37,297
Withholding taxes	152,622	133,142
Harmonized sales tax	11,985	18,180
	276,961	341,659
<u>Expenses waived or absorbed by manager (note 8)</u>	<u>(65,348)</u>	<u>(102,522)</u>
<u>Total expenses</u>	<u>211,613</u>	<u>239,137</u>
<u>Increase in net assets attributable to holders of redeemable units</u>		
	<u>\$ 5,631,574</u>	<u>\$ 101,730</u>
<u>Increase in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the year)</u>		
	<u>\$ 1.52</u>	<u>\$ 0.03</u>

See accompanying notes to financial statements.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

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

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Net assets attributable to holders of redeemable units, beginning of year	\$ 43,502,738	\$ 60,765,582
Increase in net assets attributable to holders of redeemable units	5,631,574	101,730
Distributions paid or payable to holders of redeemable units:		
From net investment income	(1,415,460)	(1,523,115)
From net realized capital gains	(1,873,888)	(2,581,268)
Total distributions to holders of redeemable units	(3,289,348)	(4,104,383)
Redeemable unit transactions (note 3):		
Issuance of units	1,421,212	4,346,105
Reinvestment of distributions	3,289,348	4,104,383
Redemptions of units	(3,764,538)	(21,710,679)
Net increase (decrease) from redeemable unit transactions	946,022	(13,260,191)
Net increase (decrease) in net assets attributable to holders of redeemable units	3,288,248	(17,262,844)
Net assets attributable to holders of redeemable units, end of year	\$ 46,790,986	\$ 43,502,738

See accompanying notes to financial statements.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 5,631,574	\$ 101,730
Change in non-cash operating working capital:		
Net foreign exchange loss (gain) on cash	(1,912)	9,837
Net realized gain on sale of investments	(1,816,773)	(2,587,476)
Net change in unrealized depreciation (appreciation) of investments	(2,360,860)	3,887,685
Purchase of investments	(21,921,680)	(33,648,813)
Proceeds from the sale of investments	22,918,369	50,609,851
Accrued dividend receivable	(23,474)	29,225
Prepaid expenses	5,327	(21,190)
Cash provided by operating activities	2,430,571	18,380,849
Cash flows from (used in) financing activities:		
Amount received from the issuance of units	1,428,480	4,338,837
Amount paid on redemptions of units	(3,248,586)	(22,687,808)
Cash used in financing activities	(1,820,106)	(18,348,971)
Increase in cash	610,465	31,878
Net foreign exchange gain (loss) on cash	1,912	(9,837)
Cash, beginning of year	405,218	383,177
Cash, end of year	\$ 1,017,595	\$ 405,218
Supplemental cash flow information:		
Dividends received, net of withholding taxes	\$ 1,479,305	\$ 1,495,613

See accompanying notes to financial statements.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments

December 31, 2017

	Number of shares	Average cost	Fair value
<b>Common shares - 99.33%</b>			
Australia - 11.96%:			
AGL Energy Ltd.	14,008	\$ 279,891	\$ 334,408
Aurizon Holdings Ltd.	48,820	191,355	237,303
AusNet Services	61,120	74,907	108,115
Coca-Cola Amatil Ltd.	29,351	266,336	244,780
Cochlear Ltd.	1,017	113,893	170,657
CSL Ltd.	8,259	910,262	1,143,651
Flight Centre Travel Group Ltd.	3,811	150,932	165,226
GPT Group	2	9	10
Insurance Australia Group Ltd.	11,725	79,167	83,191
LendLease Group	15,507	238,270	248,467
Medibank Private Ltd.	2,640	8,081	8,512
Orica Ltd.	8,092	142,396	143,535
Qantas Airways Ltd.	15,881	91,890	78,439
Rio Tinto Ltd.	3,795	253,333	281,944
South32 Ltd.	109,816	289,396	375,591
Stockland	25,625	105,606	112,503
Telstra Corp. Ltd.	182,378	875,124	648,788
Treasury Wine Estates Ltd.	3,717	57,796	58,137
Wesfarmers Ltd.	23,784	955,591	1,035,350
Woolworths Group Ltd.	4,386	115,690	117,342
		5,199,925	5,595,949
Belgium - 0.94%:			
Colruyt NV	980	71,525	63,932
Proximus SA	6,602	267,678	271,667
UCB SA	1,031	94,763	102,658
		433,966	438,257
Bermuda - 0.40%:			
Arch Capital Group Ltd.	1,658	202,373	188,565
Canada - 3.53%:			
Barrick Gold Corp.	20,500	487,552	372,690
Kinross Gold Corp.	13,700	72,231	74,254
National Bank of Canada	9,200	430,152	577,024
Rogers Communications Inc., Class 'B'	9,800	449,955	627,690
		1,439,890	1,651,658



# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
China - 0.10%:			
Yangzijiang Shipbuilding Holdings Ltd.	32,600	43,507	44,930
Denmark - 1.12%:			
H. Lundbeck AS	592	44,114	37,683
Novo Nordisk AS, Series 'B'	4,244	250,011	286,870
TDC AS	11,139	75,944	85,828
William Demant Holding AS	3,215	66,146	112,718
		436,215	523,099
Finland - 0.01%:			
Orion OYJ, Class 'B'	131	5,185	6,126
Germany - 1.07%:			
Deutsche Lufthansa AG	6,701	282,638	309,717
Innogy SE	2,058	127,027	101,173
MAN SE	626	87,876	89,852
		497,541	500,742
Hong Kong - 10.33%:			
ASM Pacific Technology Ltd.	20,700	352,580	361,306
BOC Hong Kong (Holdings) Ltd.	57,500	323,550	364,955
CK Asset Holdings Ltd.	27,500	306,802	301,044
CK Infrastructure Holdings Ltd.	5,000	55,476	53,814
CLP Holdings Ltd.	63,000	674,204	807,302
First Pacific Co. Ltd.	48,000	46,632	40,775
Hang Lung Group Ltd.	1,000	5,215	4,608
Hang Seng Bank Ltd.	600	18,186	18,656
HK Electric Investments & HK Electric Investments Ltd.	216,000	238,674	247,535
HKT Trust and HKT Ltd.	211,000	357,386	336,836
Hysan Development Co. Ltd.	2,000	11,995	13,287
Kerry Properties Ltd.	14,000	65,499	78,873
Link REIT	30,500	234,080	354,173
MTR Corp. Ltd.	48,500	345,911	356,028
NWS Holdings Ltd.	71,788	135,160	162,236
PCCW Ltd.	138,000	127,919	100,418
Power Assets Holdings Ltd.	5,000	63,712	52,852
Shangri-La Asia Ltd.	2,000	5,446	5,687
Sun Hung Kai Properties Ltd.	4,000	70,516	83,602
Swire Pacific Ltd., Class 'A'	3,500	46,049	40,587
WH Group Ltd.	447,500	496,947	632,614
Wheelock and Co. Ltd.	14,000	93,683	125,210
Yue Yuen Industrial Holdings Ltd.	59,000	219,641	290,314
		4,295,263	4,832,712

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
Italy - 0.16%:			
Intesa Sanpaolo SPA-RSP	18,492	73,479	74,007
Japan - 8.47%:			
Aozora Bank Ltd.	100	4,531	4,877
Benesse Holdings Inc.	2,000	89,766	88,424
Brother Industries Ltd.	200	6,487	6,184
Canon Inc.	8,800	432,872	411,088
Fujitsu Ltd.	39,000	378,429	348,193
Hitachi Ltd.	11,000	110,983	107,409
Hoya Corp.	4,600	224,366	287,948
Idemitsu Kosan Co. Ltd.	2,900	99,289	145,955
Japan Airlines Co. Ltd.	3,800	164,965	186,306
JXTG Holdings Inc.	10,500	63,415	84,904
Konica Minolta Inc.	2,300	27,994	27,731
Marubeni Corp.	27,700	218,801	251,435
McDonald's Holdings Co. (Japan) Ltd.	800	43,821	44,090
Mitsubishi Gas Chemical Co. Inc.	7,500	174,021	269,860
Mitsubishi Tanabe Pharma Corp.	13,500	351,047	350,159
Mitsui & Co. Ltd.	6,200	111,631	126,334
mixi Inc.	400	24,488	22,512
Nippon Express Co. Ltd.	999	53,595	83,224
NTT DOCOMO INC.	14,100	389,521	417,317
Oracle Corp. Japan	3,400	164,089	353,206
Osaka Gas Co. Ltd.	4,500	112,857	108,611
OTSUKA CORP.	400	32,003	38,439
Showa Shell Sekiyu K.K.	5,900	98,885	100,403
Trend Micro Inc.	1,400	62,939	99,502
		3,440,795	3,964,111
Jersey C.I. - 0.85%:			
Randgold Resources Ltd.	3,165	375,214	397,506
Luxembourg - 0.27%:			
RTL Group SA	1,268	143,470	127,953
Netherlands - 0.48%:			
ABN AMRO Group NV	2,157	72,677	87,298
NN Group NV	2,533	132,545	137,654
		205,222	224,952

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
<b>New Zealand - 2.77%:</b>			
Auckland International Airport Ltd.	13,112	41,806	75,713
Contact Energy Ltd.	68,153	338,760	337,664
Fletcher Building Ltd.	30,277	214,780	205,046
Mercury NZ Ltd.	28,752	73,579	86,342
Meridian Energy Ltd.	3,313	9,023	8,635
Ryman Healthcare Ltd.	17,081	129,581	161,189
Spark New Zealand Ltd.	130,360	332,339	421,674
		1,139,868	1,296,263
<b>Singapore - 4.53%:</b>			
Ascendas REIT	58,100	123,654	148,164
CapitaLand Commercial Trust Ltd.	233,300	387,964	422,152
CapitaMall Trust	140,500	255,185	280,578
City Developments Ltd.	2,500	29,090	29,275
DBS Group Holdings Ltd.	3,400	71,064	79,214
Genting Singapore PLC	146,400	154,976	179,808
Hutchison Port Holdings Trust	82,000	60,744	42,284
Oversea-Chinese Banking Corp. Ltd.	6,200	64,964	72,021
SATS Ltd.	18,400	88,936	89,705
Singapore Press Holdings Ltd.	22,200	74,582	55,156
Singapore Technologies Engineering Ltd.	78,000	271,682	238,402
Singapore Telecommunications Ltd.	20,000	70,608	66,942
StarHub Ltd.	150,900	524,416	403,210
Suntec REIT	3,400	5,973	6,854
UOL Group Ltd.	1,000	8,317	8,316
		2,192,155	2,122,081
<b>Spain - 0.00%:</b>			
Grifols SA, Class 'A'	1	29	37
<b>Sweden - 0.53%:</b>			
Swedish Match AB	3,904	170,370	193,092
Tele2 AB, Class 'B'	3,542	52,860	54,637
		223,230	247,729

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
Switzerland - 6.39%:			
Barry Callebaut AG	8	11,704	20,911
Lindt & Spruengli AG	13	93,143	99,452
Lindt & Spruengli AG, Registered	1	90,960	90,625
Nestlé SA, Series 'B', Registered	6,452	626,338	695,169
Novartis AG, Registered	1,228	123,030	130,100
Pargesa Holding SA, Class 'B'	696	66,297	75,617
Roche Holding AG Genussscheine	992	313,781	314,399
Schindler Holding AG	899	211,809	259,263
Sonova Holding AG, Registered	1,962	337,543	383,942
Swiss Prime Site AG, Registered	3,055	308,214	353,513
Swisscom AG	849	505,683	565,989
		2,688,502	2,988,980
United Kingdom - 0.48%:			
Auto Trader Group PLC	19,283	112,049	115,307
Carnival PLC	446	37,692	36,980
Coca-Cola European Partners PLC	229	12,591	11,449
Group 4 Securicor PLC	13,218	76,340	59,818
		238,672	223,554
United States - 44.94%:			
AbbVie Inc.	2,323	197,051	281,484
AGNC Investment Corp.	41,242	1,084,237	1,043,301
Allstate Corp. (The)	1,166	140,342	152,975
Altria Group Inc.	8,810	739,894	788,259
American Electric Power Co. Inc.	536	52,534	49,408
AmerisourceBergen Corp.	2,330	238,528	268,057
Annaly Capital Management Inc.	72,601	1,057,702	1,081,579
Baxter International Inc.	8,213	556,700	665,176
Cigna Corp.	1,898	486,945	482,968
Clorox Co.	4,496	580,263	837,892
Coca-Cola Co. (The)	3,960	206,405	227,642
Consolidated Edison Inc.	2,918	289,376	310,586
Darden Restaurants Inc.	6,500	582,971	782,004
Dell Technologies Inc., Class 'V'	2,379	247,780	242,277
Dr. Pepper Snapple Group Inc.	1,220	107,591	148,366
DTE Energy Co.	117	16,140	16,046
Duke Energy Corp.	827	77,836	87,154
Eli Lilly and Co.	401	46,062	42,435
Estée Lauder Cos. Inc., Class 'A'	2,510	391,600	400,158
Exelon Corp.	15,552	699,468	767,938
Gap Inc. (The)	8,466	294,780	361,291
Gilead Sciences Inc.	8,160	896,808	732,452

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
United States - 44.94% (continued):			
Hershey Co. (The)	286	38,113	40,676
Humana Inc.	1,386	443,430	430,796
Intuitive Surgical Inc.	1,041	303,722	475,999
Johnson & Johnson	6,459	817,399	1,130,727
Kimberly-Clark Corp.	453	67,952	68,485
McDonald's Corp.	5,364	787,233	1,156,788
Merck & Co. Inc.	14,843	1,220,516	1,046,483
NextEra Energy Inc.	694	129,881	135,815
NVR Inc.	53	228,592	232,968
PepsiCo Inc.	4,347	581,996	653,153
PPL Corp.	7,495	367,423	290,647
Procter & Gamble Co. (The)	8,838	945,695	1,017,440
Southern Co.	8,549	549,026	515,115
Sysco Corp.	9,011	496,918	685,662
Tyson Foods Inc., Class 'A'	4,712	408,223	478,629
United Therapeutics Corp.	4,269	728,781	791,361
VMware Inc., Class 'A'	6,346	702,007	996,447
Wal-Mart Stores Inc.	8,591	819,985	1,062,954
Xcel Energy Inc.	804	42,503	48,465
		18,670,408	21,028,058
Total equities - 99.33%		41,944,909	46,477,269
Transaction costs		(20,143)	—
Total investment portfolio - 99.33%		<u>\$ 41,924,766</u>	46,477,269
Other assets, net of liabilities - 0.67%			313,717
Net assets attributable to holders of redeemable units - 100.00%			<u>\$ 46,790,986</u>

See accompanying notes to financial statements.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures

Year ended December 31, 2017

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## 1. Financial instruments risk:

Investment activities of the Analytic Global Low Volatility Equity Fund (the "Fund") expose the Fund to some financial instrument risks. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives and long-term investment time horizon.

## 2. Risk management:

The Fund's objective is to pursue a low volatility strategy by constructing a portfolio of stocks with forecasted below average risk characteristics in an effort to achieve market-like returns with considerably less volatility than the global equity market as a whole. Analytic Investors LLC is the sub-advisor ("Sub-Advisor") of the Fund and seeks to achieve this objective by employing an actively managed, liquid, long-only equity strategy.

The Fund is expected to demonstrate a lower correlation to the overall market than traditional long-only strategies. The Fund is expected to outperform in falling markets and to lag during sharply rising markets. On a five-year moving average basis, the targeted risk reduction is 20% - 40% in standard deviation terms.

The portfolio is managed by the Sub-Advisor, and has the following characteristics:

- The Fund may hold up to an aggregate of 5% in cash and cash equivalents;
- No more than 5% of the market value of the portfolio may be invested in any single security;
- No more than 15% of the portfolio may be concentrated in any one industry;
- No more than 50% of the portfolio may be concentrated in securities of issuers domiciled in any one region. American depository receipts ("ADR's") and global depository receipts ("GDR's") are considered to be domiciled in the country where the ADR/GDR is listed for trading; and
- Minimum weight of any one region in the portfolio must be at least 50% of that region's weight in the MSCI World ND Index.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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## 2. Risk management (continued):

While it is expected that currency exposures shall be typically unhedged, currency hedging, which use is restricted to reducing risk as part of a hedging strategy, is permitted.

The Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate by Integra Capital Limited (the "Trustee" and "Manager") to achieve the Fund's investment objectives and to enhance the Fund's returns.

To assist with managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

The Fund invests in a range of investment strategies that exposes it to various types of risks, as follows:

### (a) Credit risk:

Credit risk on financial instruments is the risk of a loss occurring as a result of the default of an issuer on its obligation to an investment fund. Credit risk is managed by dealing with issuers that are believed to be creditworthy and by regular monitoring of credit exposures. Additionally, credit risk is reduced by diversification of issuer, industry and geography.

The carrying amount of the Fund's assets on the statement of financial position represents the maximum exposures to credit risk relating to financial assets and liabilities.

The Fund's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

As at December 31, 2017 and 2016, the Fund had no significant investments in debt instruments and/or derivatives.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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## 2. Risk management (continued):

### (b) Counterparty credit risk:

Counterparty credit risk primarily emanates from the use of over-the-counter derivatives. This risk is minimized by selecting counterparties who have a minimum of "A" credit rating. Ongoing monitoring of credit events/rating developments occurs to ensure the sustainable credit quality of the counterparty. Various factors are considered in the assessment process, including fundamental components of the counterparty's profile (such as capital adequacy, asset quality, profitability and liquidity) and credit ratings assigned to the counterparty.

See Derivatives section below for exposures from foreign exchange forward contracts.

### (c) Currency risk:

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities and account balances held in the Fund. From time to time, the Sub-Advisor may manage currency risk through foreign currency hedging strategies.

Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies.



# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

## 2. Risk management (continued):

The tables below indicate the currencies to which the Fund had exposure directly on its trading monetary and non-monetary assets and liabilities, as well as the underlying principal amount of foreign exchange contracts:

2017	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
U.S. Dollar	\$ 21,344,148	\$ –	\$ 21,344,148	45.62
Australian Dollar	5,598,724	–	5,598,724	11.97
Hong Kong Dollar	4,832,712	–	4,832,712	10.33
Japanese Yen	4,064,947	(90,113)	3,974,834	8.49
Swiss Franc	3,003,866	–	3,003,866	6.42
Singapore Dollar	2,179,859	(52,394)	2,127,465	4.55
Euro	1,388,487	–	1,388,487	2.97
New Zealand Dollar	1,296,263	–	1,296,263	2.77
British Pound	631,908	–	631,908	1.35
Danish Krone	526,985	–	526,985	1.13
Swedish Krona	247,729	–	247,729	0.53

\*Amounts reflect the carrying value of monetary and non-monetary items.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

## 2. Risk management (continued):

2016	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
U.S. Dollar	\$ 16,630,302	\$ –	\$ 16,630,302	38.23
Japanese Yen	5,052,301	–	5,052,301	11.61
Australian Dollar	4,228,847	–	4,228,847	9.72
Hong Kong Dollar	3,902,175	–	3,902,175	8.97
Swiss Franc	3,586,315	–	3,586,315	8.24
Singapore Dollar	1,402,866	–	1,402,866	3.22
Danish Krone	1,081,436	–	1,081,436	2.49
New Zealand Dollar	992,120	–	992,120	2.28
Euro	950,119	–	950,119	2.18
British Pound	813,744	–	813,744	1.87
Swedish Krona	129,893	–	129,893	0.30

\*Amounts reflect the carrying value of monetary and non-monetary items.

As at December 31, 2017, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$2,248,656 (2016 - \$1,938,506). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

### (d) Derivatives:

The Fund utilizes foreign exchange forward contract hedging in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Fund from the possibility of capital losses on foreign-currency-denominated investments due to increases in the value of the Canadian dollar. However, credit and market risks associated with foreign exchange forward contracts potentially expose the Fund to losses.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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## 2. Risk management (continued):

In order to minimize the possibility of losses arising from credit risk, the Fund deals only with large financial institutions with a minimum of "A" credit rating.

Currency risk relates to the possibility that foreign exchange forward contracts change in value due to fluctuations in currency prices. The foreign exchange forward contracts are marked to market daily and the resulting unrealized gains or losses are recognized in the statement of financial position.

The result of employing foreign exchange forward contracts is that the foreign exchange gains and losses in the securities portfolio move substantially in opposite directions from the gains and losses in the hedging portfolio.

As at December 31, 2017 and 2016, the Fund did not directly hold any foreign exchange forward contracts.

### (e) Interest rate risk:

Changes in market interest rates expose fixed-income securities, such as bonds, to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed-income securities.

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less; as a result, there is no significant risk of changes in their fair value and not subject to interest rate risk.

The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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## 2. Risk management (continued):

### (f) Liquidity risk:

Liquidity risk is the possibility that investments of the Fund cannot be readily converted into cash when required. The Fund may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Fund or the securities may be subject to legal or contractual restrictions on their resale. In addition, holders of redeemable units may redeem their units on each valuation date. Liquidity risk is managed by investing in securities that are traded in active markets and can be readily disposed, and by retaining sufficient cash and cash equivalent positions to maintain liquidity.

The liabilities are all current and are due within 90 days, with the exception of net assets attributable to holders of redeemable units which are due upon request by the unitholder (note 3).

### (g) Other market risk:

Other market risk is the risk that the fair 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. All securities present a risk of loss of capital.

The Sub-Advisor moderates this risk through a careful use of investment strategies and selection of securities and other financial instruments within the parameters of the investment strategy developed by the Manager of the Fund.

The impact on net assets attributable to holders of redeemable units of the Fund as at December 31, 2017, due to a 5% increase or decrease in the Fund's benchmark (MSCI World ND Index), with all other variables held constant, would have been \$1,713,720 (2016 - \$1,571,536). This calculation is based on the ex-ante tracking error of the Fund. In practice, the actual trading results may differ from the sensitivity analysis and the difference could be material.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

## 2. Risk management (continued):

### (h) 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:

	As a % of net assets	
	2017	2016
<b>Common shares</b>		
Australia	11.96	9.71
Belgium	0.94	0.93
Bermuda	0.40	—
Canada	3.53	11.03
China	0.10	—
Denmark	1.12	2.48
Finland	0.01	0.02
France	—	0.48
Germany	1.07	0.11
Hong Kong	10.33	8.97
Italy	0.16	—
Japan	8.47	11.59
Jersey C.I.	0.85	—
Luxembourg	0.27	0.56
Netherlands	0.48	0.07
New Zealand	2.77	2.28
Singapore	4.53	3.33
Sweden	0.53	0.30
Switzerland	6.39	8.24
United Kingdom	0.48	1.80
United States	44.94	37.95
Total investment portfolio	99.33	99.85
Other assets, net of liabilities	0.67	0.15
<b>Net assets attributable to holders of redeemable units</b>	<b>100.00</b>	<b>100.00</b>

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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### 3. Capital risk management:

The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net asset value ("NAV") per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable units. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

### 4. Fair value measurements:

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

- 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.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement and changes in valuation methods may result in transfers into or out of an investment's assigned level.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Risk Disclosures (continued)

Year ended December 31, 2017

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## 4. Fair value measurements (continued):

The tables below summarize the inputs used in valuing the Fund's financial assets carried at fair values:

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2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 46,477,269	\$ –	\$ –	\$ 46,477,269

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2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 43,439,478	\$ –	\$ –	\$ 43,439,478

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All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs; in which case, it is classified as Level 3.

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable.

For the years ended December 31, 2017 and 2016, no investments were transferred from any level as a result of the securities no longer being traded in an active market and no investments were transferred from any level as a result of the securities now being traded in an active market.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements

Year ended December 31, 2017

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## 1. Establishment of the Fund:

The Analytic Global Low Volatility Equity Fund is an open-ended investment unincorporated trust created under the laws of the Province of Ontario by a Declaration of Trust. The address of the Fund's registered office is Suite 200, 2020 Winston Park Drive, Oakville, Ontario. The Fund was established on February 28, 2012 and commenced operations on October 1, 2012.

Integra Capital Limited is the Manager and Trustee of the Fund and is the corporate entity registered with the Canadian regulatory authorities. The Fund's assets are custodied at the Canadian Imperial Bank of Commerce. The Manager is registered in every province as a portfolio manager and exempt market dealer and is registered in the Provinces of Newfoundland and Labrador, Ontario and Quebec as an investment fund manager. In the Province of Ontario, the Manager is additionally registered as commodity trading manager.

The Fund is not a reporting issuer and is exempt, pursuant to National Instrument 81-106, Investment Fund Continuous Disclosure, from the requirement to file its financial statements with the regulatory authorities and has notified the Ontario Securities Commission that it is relying on this exemption.

## 2. Basis of preparation:

### (a) Basis of accounting:

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS").

These financial statements were authorized for issue by the Manager on March 22, 2018.

### (b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), which are presented at fair value.



# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Basis of preparation (continued):

### (c) Functional and presentation currency:

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

## 3. Significant accounting policies:

### (a) Financial instruments:

#### (i) Recognition, initial measurement and classification:

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Fund classifies financial assets and financial liabilities into the following categories:

Financial assets at FVTPL:

- Held-for-trading ("HFT"): derivative financial instruments;
- Designated as FVTPL: debt securities and equity investments; and
- Financial assets at amortized cost: all other financial assets are classified as loans and receivables.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

Financial liabilities at FVTPL:

- HFT: derivative financial instruments; and
- Financial liabilities at amortized cost: all other financial liabilities are classified as other financial liabilities.

(ii) Fair value measurement:

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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at last sale or close price, where the close price falls within the day's bid-ask spread. In circumstances where the close price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, listed warrants, options, short-term notes, treasury bills, bonds, asset-backed securities and other debt instruments.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

Investments held that are not traded in an active market are valued based on the results of valuation techniques using observable market inputs where possible, on such basis and in such manner established by the Manager. Investments in other pooled funds are valued at the NAV per unit reported by each pooled fund. See risk disclosures for more information about the Fund's fair value measurements.

The fair value of a forward contract is the gain or loss that would be realized if, on the valuation date, the positions were closed out. The forward contract is valued using an interpolation of the foreign exchange rate based on the length of the forward contract. The change in fair value on forward contracts is reflected in the statement of comprehensive income as change in unrealized appreciation (depreciation) on derivatives. When the forward contracts are closed out, any gains or losses realized are included in net realized gain (loss) on derivatives.

The fair values of foreign-currency-denominated investments and other foreign-currency-denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing on the reporting dates.

The fair values of other financial assets and liabilities approximate their carrying values due to the short-term nature of these instruments.

#### (iii) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

#### (b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term, interest-bearing notes with a term to maturity of less than three months from the date of purchase.

#### (c) Investment transactions and income recognition:

The Fund follows the accrual method of recording investment income and expenses. Security transactions are recorded on the trade date. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security on the ex-dividend date.

The interest available for distribution purposes shown on the statement 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.

Realized gain on sale of investments and unrealized appreciation (depreciation) of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

The Fund generally incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

(d) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding commissions and other transaction costs.

(e) Transaction costs:

Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and transaction costs are included as expenses in the statement of comprehensive income.

(f) Securities lending transactions:

The Fund is permitted to enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities at a future date. Income is earned from these transactions in the form of fees paid by the counterparty. Income earned from these transactions is recognized on an accrual basis and included in the statement of comprehensive income.

(g) Foreign currency translation:

The fair values of foreign-currency-denominated investments are translated into Canadian dollars, using the prevailing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses are presented as net realized gain (loss) on foreign exchange, except for those arising from financial instruments at FVTPL, which are recognized as a component within net realized gain on sale of investments and change in net unrealized appreciation (depreciation) of investments in the statement of comprehensive income.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

#### (h) Income taxes:

The Fund presently qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, accordingly, is not taxed on that portion of its taxable income, which is paid or payable to unitholders at the end of the taxation year. The Fund has elected for a December 31 taxation year end. The Fund pays out sufficient net income and net realized capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

Capital losses and non-capital losses incurred by the Fund cannot be allocated to unitholders but capital losses may be carried forward indefinitely to reduce future realized capital gains and non-capital losses may be carried forward for 20 taxation years to reduce future net income for tax purposes. As at December 31, 2017, the Fund had non-capital losses of nil (2016 - nil) and net capital losses carryforward of nil (2016 - nil).

Certain dividends and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

#### (i) Redeemable units:

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. Units are redeemable at the option of unitholders at their NAV on the redemption date. For each unit redeemed, net assets attributable to holders of redeemable units are reduced by the NAV of the unit at the date of redemption. The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net assets attributable to holders of redeemable units per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of the units. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable units. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

Redeemable unit transactions during the period were as follows:

	2017		2016	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	113,963	\$ 1,421,212	334,498	\$ 4,346,105
Redeemable units redeemed	(300,461)	(3,764,538)	(1,727,178)	(21,710,679)
Redeemable units issued on reinvestments	265,357	3,289,348	346,801	4,104,383

The number of issued and outstanding units as at December 31, 2017 is 3,800,768 (2016 - 3,721,909).

Net assets attributable to holders of redeemable units are calculated for each unit of the Fund by taking the proportionate share of the Fund's net assets attributable to holders of redeemable units and dividing by the number of units outstanding on the valuation date.

The increase in net assets attributable to holders of redeemable units per unit in the statement of comprehensive income represents the change in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the reporting period. Income, expenses other than management fees, and realized and unrealized capital gains (losses) are distributed in proportion to the amount invested in them.

The weighted average number of units outstanding for the period ended December 31, 2017 is 3,715,794 (2016 - 3,820,650).

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

The Fund's units are classified as a liability under International Accounting Standard ("IAS") 32, Financial Instruments - Presentation as there is a requirement to make cash distributions to unitholders, if requested. The units are measured at the present value of the redemption amount and are considered a residual amount.

As at December 31, 2017 and 2016, there is no difference between net assets attributable to holders of redeemable units and net asset value attributable to holders of redeemable units.

(j) Receivable or payable for portfolio securities sold or purchased:

In accordance with the Fund's policy of trade date accounting for regular way sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for portfolio securities sold/purchased, but not yet settled as at the reporting date.

(k) Future accounting changes:

The International Accounting Standards Board ("IASB") has issued the following new standards and amendments to existing standards that are not yet effective.

IFRS 9, Financial Instruments ("IFRS 9"):

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting. The new standard requires assets to be carried at amortized cost, FVTPL or fair value through other comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains 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. The new standard is effective for the Fund for its fiscal year beginning January 1, 2018. Based on the Manager's assessment, this new standard is not expected to have a material impact on the Fund's financial assets and liabilities.



# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 4. Critical accounting estimates and judgments:

In preparing these financial statements, the Manager has made 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 prospectively. The most significant accounting judgment and estimate that the Fund has made in preparing the financial statements is determining the fair value measurement of derivatives and investments not quoted in an active market, if any. See note 3 for more information on the fair value measurement of the Fund's financial instruments.

## 5. Net changes from financial instruments at FVTPL:

Net changes in fair value on financial assets and financial liabilities at FVTPL are presented in the statement of comprehensive income and comprise the following: net realized gain on sale of investments, net change in unrealized appreciation (depreciation) of investments and dividends. Their classifications between HFT and designated at FVTPL are presented in the following table:

	Total income	
	2017	2016
Financial assets at FVTPL:		
Designated at inception	\$ 5,833,034	\$ 299,320

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## 6. Brokerage commissions:

Brokerage commissions on portfolio transactions may also include research services provided to the Sub-Advisor. The value of the research services paid to certain brokers for the period ended December 31, 2017 and 2016 was nil.

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 7. Securities lending:

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with Bank of New York Mellon. The aggregate market value of all securities cannot exceed 50% of the net assets attributable to holders of redeemable units of the Fund. The Fund receives collateral in the form of debt obligations of the Government of Canada and any other Sovereign States and Canadian provincial governments, against the loaned securities. The Fund maintains a minimum collateral requirement of 102% for North American equities and 105% for non-North American equities of the market value of the loaned securities during the period of the loan. As at December 31, 2017, certain securities shown in the statement of financial position with a market value of \$2,347,385 (2016 - \$2,402,367) had been loaned as part of the securities lending program. The counterparty has pledged securities with a market value of \$2,478,474 (2016 - \$2,568,679) as collateral for such loans. Under the terms of the program, the Fund may instruct that securities be returned within three days.

The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from the securities lending disclosed in the statement of comprehensive income:

	2017		2016	
	Amount	% of gross securities lending revenue	Amount	% of gross securities lending revenue
Gross securities lending revenue	\$ 16,654	100.0	\$ 12,661	100.0
Withholding taxes	(1,571)	(9.4)	(1,410)	(11.1)
Agent fees - Bank of New York Mellon Corp. (The)	(6,032)	(36.2)	(4,499)	(35.5)
<b>Securities lending revenue</b>	<b>\$ 9,051</b>	<b>54.4</b>	<b>\$ 6,752</b>	<b>53.4</b>

# ANALYTIC GLOBAL LOW VOLATILITY EQUITY FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## **8. Related party transactions and fund expenses:**

The Manager administers and regulates the day-to-day operations of the Fund. In return for the services provided, the Manager receives management fees from the Fund's holders of redeemable units, based on the NAV of the Fund. These management fees are paid either by a redemption of units or the unitholder, if an institution, may be invoiced and payment will be delivered to the Manager.

The Manager may allocate various operating costs to the Fund. These expenses include a portion of the expenses related to trust accounting, fund accounting and administration functions that are performed by the Manager on behalf of the Fund. These costs are reported in the operating expenses of the Fund reported in the statement of comprehensive income.

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees (if applicable), audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses, such as interest and taxes, and is then reimbursed by the Fund.

The Manager, at its discretion, may agree to waive or absorb certain expenses associated with the Fund. For the period ended December 31, 2017, expenses waived or absorbed by the Manager in the amount of \$65,348 (2016 - \$102,522) are shown in the statement of comprehensive income. Such absorption or waiver, where applicable, may be terminated by the Manager at any time without notice.

Employees of the Manager may hold interests in the Fund via the company's group retirement plan or through a broker. However, the employees' interests cumulatively represent less than 5% of the Fund's outstanding units.

## **9. Subsequent event:**

Subsequent to year end, on February 19, 2018, the Fund was renamed the ICL Global Low Volatility Equity Fund. Apart from the Fund name change, there are no other changes to the Fund. Analytic will continue to be sub-advisor for the Fund and will continue to invest in accordance with their investment mandate.