HARVEST PORTFOLIOS GROUP

INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

Global Telecom & Utilities Income Fund

June 30, 2018

Global Telecom & Utilities Income Fund

STATEMENTS OF FINANCIAL POSITION (Unaudited)				
As at		**June 30, 2018**		**December 31, 2017**
Assets				
Current assets				
Investments	$	3,832,527	$	3,862,930
Cash		13,395		54,340
Dividends and other receivables		54,687		80,626
		3,900,609		**3,997,896**
Liabilities				
Current liabilities				
Borrowings (Note 9)		50,000		-
Distributions payable (Note 4)		25,751		25,751
Interest payable (Note 9)		131		-
		75,882		**25,751**
Net assets attributable to holders of redeemable units	**$**	**3,824,727**	**$**	**3,972,145**
Number of redeemable units outstanding (Note 4)		**429,184**		**429,184**
Net assets attributable to holders of redeemable units per unit	**$**	**8.91**	**$**	**9.26**

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)				
For the period ended June 30,		**2018**		**2017**
Income				
Net gain (loss) on investments				
Dividends	$	98,259	$	152,840
Net realized gain (loss) on investments		(8,608)		77,060
Net change in unrealized appreciation (depreciation) on investments		11,681		111,475
Net change in unrealized appreciation (depreciation) on foreign exchange		1,379		19,228
Net realized gain (loss) on foreign exchange		(235)		(11,270)
Net gain (loss) on investments		102,476		349,333
Total income (net)	**$**	**102,476**	**$**	**349,333**
Expenses (Note 6)				
Management fees	$	27,055	$	39,836
Service fees		8,412		12,377
Withholding taxes		14,145		54,538
Unitholder reporting costs		4,402		8,745
Audit fees		2,001		1,597
Transfer agency fees		3,857		3,831
Custodian fees and bank charges		7,872		9,065
Independent Review Committee fees		194		609
Filing fees		21,457		22,035
Legal fees		5,633		4,461
Interest expense (Note 9)		336		7,189
Transaction costs (Note 8)		24		779
Total expenses	**$**	**95,388**	**$**	**165,062**
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**7,088**	**$**	**184,271**
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 4)	**$**	**0.02**	**$**	**0.33**

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

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Unaudited)

For the period ended June 30,		2018		2017
Net assets attributable to holders of redeemable units beginning of period	**$**	**3,972,145**	**$**	**5,591,022**
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**7,088**	**$**	**184,271**
Redeemable unit transactions				
Redemption and cancellation of redeemable units		-		-
Net unitholders' transactions	**$**	**-**	**$**	**-**
Distributions to holders of redeemable units				
Net investment income		(154,506)		(202,480)
Total distributions to unitholders	**$**	**(154,506)**	**$**	**(202,480)**
Net assets attributable to holders of redeemable units end of period	**$**	**3,824,727**	**$**	**5,572,813**

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

STATEMENTS OF CASH FLOWS (Unaudited)				
For the period ended June 30,		**2018**		**2017**
Operating activities				
Increase (decrease) in net assets attributable to holders of redeemable units	$	7,088	$	184,271
Add (deduct) items not affecting cash:				
Net realized (gain) loss on sale of investments		8,608		(77,060)
Change in unrealized (appreciation) depreciation on investments		(11,681)		(111,475)
Change in unrealized (appreciation) depreciation on foreign exchange		(1,379)		11,270
Proceeds from sale of investments		36,797		1,398,196
Purchases of investments		(3,321)		(643,830)
Net change in non-cash assets and liabilities		27,449		8,919
Net cash flow provided by (used in) operating activities	**$**	**63,561**	**$**	**770,291**
Financing activities				
Borrowings drawn down (repaid)		50,000		(473,481)
Distributions paid to holders of redeemable units		(154,506)		(202,480)
Net cash flow provided by (used in) financing activities	**$**	**(104,506)**	**$**	**(675,961)**
Net increase (decrease) in cash during the period		(40,945)		94,330
Cash, beginning of the period		54,340		1,052,899
Cash, end of the period	**$**	**13,395**	**$**	**1,147,229**
Supplemental disclosure of cash flow information				
Dividends received, net of withholding taxes*	$	106,711	$	119,151
Interest paid during the period*		336		7,189

*included in operating activities

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

Global Telecom & Utilities Income Fund

SCHEDULE OF INVESTMENTS (Unaudited)

As at June 30, 2018

Number of shares	Security	Average Cost ($)	Carrying Value ($)	% of Net Assets
	EQUITIES			
	Consumer Discretionary			
20,550	Mediaset S.p.A.	120,596	86,445	2.2
3,300	ProSiebenSat.1 Media SE	236,830	110,091	2.9
9,000	Sky PLC	204,827	228,215	6.0
4,900	Vivendi S.A.	142,628	157,977	4.1
		704,881	582,728	15.2
	Energy			
2,000	Enbridge Inc.	105,209	94,000	2.5
4,675	Inter Pipeline Ltd.	102,570	115,192	3.0
2,200	TransCanada Corporation	138,349	125,136	3.3
		346,128	334,328	8.8
	Telecommunication Services			
2,900	AT&T Inc.	137,948	122,419	3.2
6,150	Deutsche Telekom AG	150,534	125,292	3.3
55,000	Spark New Zealand Limited	162,117	182,668	4.8
59,000	Telecom Italia S.p.A.	101,782	57,735	1.5
6,600	Telefonica S.A.	106,467	73,756	1.9
11,450	Telia Company AB	77,503	68,838	1.8
3,100	TELUS Corporation	125,922	144,770	3.8
2,299	Verizon Communications Inc.	147,858	152,056	4.0
28,127	Vodafone Group PLC	124,175	89,705	2.3
		1,134,306	1,017,239	26.6
	Utilities			
1,800	Ameren Corporation	107,029	143,994	3.8
1,250	Duke Energy Corporation	121,047	129,953	3.4
4,250	E.ON AG	53,458	59,728	1.6
28,800	EDP - Energias de Portugal S.A.	134,146	150,332	3.9
4,150	Endesa S.A.	116,652	120,385	3.1
2,650	Engie S.A.	64,243	53,418	1.4
6,250	Gas Natural SDG, S.A. Series E	181,497	217,621	5.7
15,861	Iberdrola S.A.	145,465	161,298	4.2
10,495	National Grid PLC	217,389	152,664	4.0
2,800	PPL Corporation	130,984	105,093	2.7
3,010	RWE AG Class A	50,241	90,227	2.4
5,100	SSE PLC	155,005	119,898	3.1
18,800	Terna S.p.A.	131,892	133,692	3.5
9,450	United Utilities Group PLC	183,798	125,133	3.3
4,790	Veolia Environnement S.A.	158,562	134,796	3.5
		1,951,408	1,898,232	49.6
	Total investments	**4,136,723**	**3,832,527**	**100.2**
	Other assets less liabilities		**(7,800)**	**(0.2)**
	Net assets attributable to holders of redeemable units		**3,824,727**	**100.0**

NOTES TO THE INTERIM FINANCIAL STATEMENTS
(Unaudited)

June 30, 2018

1. GENERAL INFORMATION

Global Telecom & Utilities Income Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2011 and as amended and restated, being the inception date. There was no significant activity in the Fund from the date of inception to commencement of operations on March 23, 2011. On March 23, 2011, the Fund completed an initial public offering of 2,600,000 units at $12.00 per unit for gross proceeds of $31,200,000. On April 6, 2011, an over-allotment option was exercised for an additional 123,662 units at a price of $12.00 per unit for gross proceeds of $1,483,944. The address of the Fund's registered office is 710 Dorval Drive, Oakville, Ontario, L6K 3V7.

The Fund's investment objectives are to provide unitholders with monthly distributions and capital appreciation. Up until December 16, 2015 the investment objectives were to provide tax-advantaged month distributions by way of an investment strategy where the Fund provides exposure, through a forward agreement (the "Forward Agreement"), to the return, in Canadian dollars, of the underlying performance of the GTU Portfolio Trust (the "GTU Trust"). The GTU Trust portfolio was an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers. On December 16, 2015 the Forward Agreement was terminated (Note 5) and subsequently the Fund owns the equity securities directly.

On June 22, 2016, the Fund changed its name from Global Advantaged Telecom & Utilities Income Fund to Global Telecom & Utilities Income Fund. No changes were made to the investment objective, strategies or management of the Fund.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS. These interim financial statements were authorized for issue by Harvest Portfolios Group Inc. (the "Manager") on August 21, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments
The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (FVTPL). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL) based on its business model. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders. As at June 30, 2018 and December 31, 2017 there were no differences between the Fund's NAV per security and its net assets per security calculated in accordance with IFRS 9.

Fair value of investments
Investments that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the 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 specific facts and circumstances. Investments held include equities.

Investments held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Classification of redeemable units

Under IFRS, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. In addition to the annual redemption at 100% of NAV, the Fund's units are redeemable at 95% of their market price monthly. As a result, the Fund's units contain multiple contractual obligations and are presented as financial liabilities on transition to IFRS as they do not meet the criteria for classification as equity.

Cash

Cash is comprised of cash on deposit.

Investment transactions and income recognition

Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) on investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. The cost of investments is determined using the average cost method.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars which is also the Fund's functional and presentation currency. Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments", respectively. Realized and unrealized foreign currency gains or losses on assets, liabilities, and income, other than investments denominated in foreign currencies, are included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange" and "Net change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statements of Financial Position are translated into Canadian dollars on the statement date.

Redeemable units valuation

The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit will be calculated on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month, and any other time as may be determined by the Manager from time to time. "Business Day" means any day on which the TSX is open for trading.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the weighted average units outstanding for the financial year.

Income and other taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 31 year end. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be carried forward 20 years and applied against future taxable income. As at the last taxation year end, the Fund had non-capital losses of $1,788,665 and $198,719 net capital losses available to be carried forward for income tax purposes.

The Fund may incur 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.

As the Manager is a resident of Ontario, the expenses paid by the Fund generally include HST of 13%. HST is calculated using the residency of unitholders in the Fund as at specific times, rather than the physical location of the Manager. A blended rate refund is filed with the Canada Revenue Agency on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces.

Critical accounting estimates and judgments
The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

a) Fair value measurement of derivatives and securities not quoted in an active market

   The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Refer to Note 7 for further information about the fair value measurement of the Fund's financial instruments.

b) Classification and measurement of investments and derivatives under IFRS 9

   In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Fund's business model is one in which its portfolio is managed and performance evaluated on a fair value basis under IFRS 9.

Accounting standards effective January 1, 2018
The Funds have adopted IFRS 9, Financial Instruments in the current reporting period commencing January 1, 2018, replacing IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 introducing a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The business model determined by the Fund is the fair value business model.

Upon transition to IFRS 9, the Fund's portfolio investments and derivative instruments previously either designated at fair value through profit and loss or held for trading under IAS 39 continued to be categorized as fair value through profit and loss.

Other financial assets and liabilities previously classified as loans and receivables under IAS 39 are categorized as amortized cost under IFRS 9.

4. REDEEMABLE UNITS

The authorized capital of the Fund consists of an unlimited number of transferable units of one class representing an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund. The units trade on the TSX under the symbol HGI.UN. As at June 30, 2018, the closing price for the units was $9.06 per unit (December 31, 2017 - $9.32 per unit).

Redemptions
Units may be surrendered prior to 5:00 p.m. (Toronto time) on the 10th business day before the last business day of the applicable month by the holders for monthly redemption. Upon receipt by the Fund of the redemption notice the holder of a unit shall be entitled to receive a price per unit equal to the lesser of:

(a) 95% of the "market price" of the units on the principal market on which the units are quoted for trading during the 20 trading day period ending immediately before the monthly redemption date; and
(b) 100% of the "closing market price" on the principal market on which the units are quoted for trading on the monthly redemption date.

Notwithstanding the monthly redemption price formula above, at no time will the Fund pay out redemption proceeds greater than the NAV per Unit as determined on the monthly redemption date for each Unit being redeemed.

In accordance with the Fund prospectus, in addition to the monthly redemption rights, on an annual basis, units may be surrendered for redemption at the Fund's NAV per unit, subject to the required redemption notice period, in August and the unitholder will receive payment on or before the 15th business day of the following month.

The following units were redeemed and/or cancelled during the period:

	Trust units outstanding
Total outstanding as at January 1, 2017	**562,445**
Redeemable units redeemed	-
Total outstanding as at June 30, 2017	**562,445**
Total outstanding as at January 1, 2018	**429,184**
Redeemable units redeemed	-
Total outstanding as at June 30, 2018	**429,184**

The weighted average number of units outstanding during the period ended June 30, 2018 was 429,184 units (2017 – 562,445 units).

Distributions
The Fund intends to make monthly cash distributions to unitholders of record on the last business day of each month and pay such cash distributions on or before the 15th day of the following month. The Fund will annually determine and announce the indicative distribution amount for the following year based upon the prevailing market conditions. The distribution amount paid was $154,506 or $0.06 per unit per month for the period ended June 30, 2018 (2017 – $202,480 or $0.06 per unit per month).

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management and service fees
Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Manager retained Avenue Investment Management Inc. ("Avenue" or the "Investment Manager") to provide investment management services to the Fund up until termination on January 15, 2017. Avenue was paid a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's net asset value. On January 16, 2017, the Manager assumed the investment management responsibilities of the Fund.

The Fund pays its manager, Harvest, a management fee from the Fund of 1.25% per annum of the applicable average weekly NAV calculated and payable monthly in arrears, plus applicable taxes.

The Fund also pays service fees to registered dealers at the rate on 0.40% of the average weekly NAV plus HST of the Fund. Service fees are accrued daily and paid monthly to the manager, who in turn pays the dealers quarterly.

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

Other expenses
The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to Unitholders and other Unitholder communications; a reasonable allocation of salaries, benefits and consulting fees; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses are allocated by the Manager on a reasonable basis, across all of the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were $2,300 for the period ended June 30, 2018 (2017 - $5,861) and are included in the unitholder reporting costs in the Statements of Comprehensive Income.

7. FINANCIAL RISK MANAGEMENT

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in 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.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

As at June 30, 2018, 100.2% (December 31, 2017 – 97.3%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately $191,626 (December 31, 2017 - $193,147).

In practice, the actual trading results may differ and the difference could be material.

Currency risk
Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund, buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

As at June 30, 2018		
Currency	**Currency exposure ($)***	**As a % of net assets**
U.S. Dollar	701,836	18.3
Euro	1,733,319	45.3
New Zealand Dollar	182,668	4.8
Pound Sterling	715,614	18.7
Swedish Krona	68,838	1.8
Totals	**3,402,275**	**88.9**

*Amounts are in Canadian dollars

As at December 31, 2017		
Currency	**Currency exposure ($)***	**As a % of net assets**
U.S. Dollar	693,947	17.5
Euro	1,743,294	43.9
New Zealand Dollar	177,908	4.5
Pound Sterling	669,035	16.8
Swedish Krona	64,044	1.6
Totals	**3,348,228**	**84.3**

*Amounts are in Canadian dollars

The non-monetary currency exposure is $3,353,429 (December 31, 2017 – $3,321,374) and the monetary currency exposure is $48,846 (December 31, 2017 – $26,854).

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately $170,114 (December 31, 2017 - $167,411) or 4.5% (December 31, 2017 – 4.2%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund does not hold any bonds or money market instruments; therefore, the Fund has no significant exposure to interest rate risk.

The Fund has an interest-bearing liability and so the Fund is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at June 30, 2018, the Fund had a net borrowing of $50,000 (December 31, 2017 - $nil). If interest rates were to change by 1.0%, the interest expense in the Fund could increase (decrease) on an annual basis by $500 (December 31, 2017 - $nil).

Liquidity risk
Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to redemption of units as described in Note 4. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows as holders of those units typically retain them for a longer period. Therefore, in order to maintain sufficient liquidity, the Fund primarily invest in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

As at June 30, 2018 and December 31, 2017, all of the Fund's financial liabilities had maturities of less than three months.

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 Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at June 30, 2018, the Fund did not have significant credit risk exposure. All cash held by the fund is held with a reputable and regulated financial institution.

Fair value of financial instruments
The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within 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.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Securities classification:

Investments at fair value as at June 30, 2018				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Financial Assets				
Equities				
Common Shares	3,832,527	-	-	3,832,527
Total Financial Assets	**3,832,527**	**-**	**-**	**3,832,527**

Investments at fair value as at December 31, 2017				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Financial Assets				
Equities				
Common Shares	3,862,930	-	-	3,862,930
Total Financial Assets	**3,862,930**	**-**	**-**	**3,862,930**

There were no Level 3 securities held by the Fund as at June 30, 2018 and December 31, 2017 there were no transfers between Level 1 and Level 2 for the period ended June 30, 2018 and 2017.

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 by geography and segment.

Geography:

As at	**June 30, 2018**		**December 31, 2017**	
Country of Issue	**$***	**% of net assets**	**$***	**% of net assets**
Eurozone	1,732,794	45.3	1,743,294	43.9
United States of America	653,515	17.1	667,092	16.8
United Kingdom	715,614	18.7	669,035	16.8
Canada	479,098	12.5	541,557	13.7
New Zealand	182,668	4.8	177,908	4.5
Sweden	68,838	1.8	64,044	1.6
Totals	**3,832,527**	**100.2**	**3,862,930**	**97.3**

*Stated in Canadian dollars

Market Segment (percentage of net assets attributable to holders of redeemable units):

	June 30, 2018	December 31, 2017
	% of net assets	% of net assets
EQUITIES		
Utilities	49.6	46.1
Telecommunication Services	26.6	27.1
Consumer Discretionary	15.2	14.2
Energy	8.8	9.9
Total	**100.2**	**97.3**

8. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended June 30, 2018 and 2017 amounted to $nil.

9. BORROWINGS

The Fund established a revolving margin with its Prime Broker, a Canadian chartered bank. Interest charged at floating rates is included in "Interest expense" on the Statements of Comprehensive Income (Loss). The Fund has the facility in place to borrow up to 25 percent of its total assets or 33.3% of the Fund's NAV. The overdraft function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings. The borrowing is a revolving margin that is due on demand with no fixed repayment terms.

The amount drawn on the margin was $50,000 (December 31, 2017 - $nil) or 1.3% (December 31, 2017 – nil%) of net assets attributable to holders of redeemable units at June 30, 2018. For the period ended June 30, 2018 the Fund recorded interest expense of $336 (2017 - $7,189). The amount of borrowings ranged between $nil and $50,000 during the period (December 31, 2017 between $nil and $1,227,279) and represented 0.0% to 1.3% of the Fund's net assets attributable to holders of redeemable units during the period ended June 30, 2018 (December 31, 2017 – 0.0% to 21.9%).

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