



World Financial Split Corp.
Annual Report 2017

Management's Responsibility for Financial Reporting

The accompanying financial statements of World Financial Split Corp. (the "Fund") and all the information in this annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager"), and have been approved by the Fund's Board of Directors (the "Board").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Audit Committee meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the independent auditor's report. Deloitte LLP, the Fund's independent auditor, has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 2, 2018



John D. Germain
Director
Strathbridge Asset Management Inc.

To the Shareholders of World Financial Split Corp.

We have audited the accompanying financial statements of World Financial Split Corp., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive income, statements of changes in net assets attributable to holders of Class A shares and statements of cash flows for the years then ended, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 the auditor's 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, the auditor considers 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of World Financial Split Corp. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The signature of Deloitte LLP is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants

Licensed Public Accountants

March 2, 2018

Toronto, Ontario

Statements of Financial Position

As at December 31

| | Note | 2017 | 2016 |
|---|------|---------------------|---------------------|
| ASSETS | | | |
| Financial assets at fair value through profit or loss | 6,7 | \$ 28,995,689 | \$ 27,874,567 |
| Derivative assets | 6,7 | 528,113 | 15,154 |
| Due from brokers - investments | | 68,458 | – |
| Dividends receivable | | 66,075 | 48,124 |
| Cash | | 1,039,223 | 1,226,739 |
| TOTAL ASSETS | | 30,697,558 | 29,164,584 |
| LIABILITIES | | | |
| Accrued liabilities | | 50,578 | 48,911 |
| Accrued management fees | 9 | 27,931 | 26,984 |
| Derivative liabilities | 6,7 | 21,300 | 164,055 |
| Redeemable Preferred shares | | 20,606,070 | 21,051,150 |
| Class J shares | | 100 | 100 |
| TOTAL LIABILITIES | | 20,705,979 | 21,291,200 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES | | \$ 9,991,579 | \$ 7,873,384 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE | | \$ 4.8489 | \$ 3.7402 |

On behalf of the Manager,
Strathbridge Asset Management Inc.



John P. Mulvihill, Director



Robert W. Korthals, Director

Statements of Comprehensive Income

For the years ended December 31

| | Note | 2017 | 2016 |
|---|------|---------------------|-------------------|
| INCOME | | | |
| Dividend income | | \$ 1,020,453 | \$ 802,279 |
| Interest income | | 4,656 | – |
| Net realized gain/(loss) on investments at fair value through profit or loss | 7 | 3,754,950 | (2,089,211) |
| Net realized gain on options at fair value through profit or loss | 7 | 113,190 | 678,886 |
| Net realized gain on foreign exchange contracts at fair value through profit or loss | 7 | 723,601 | 46,213 |
| Net change in unrealized gain/loss on investments at fair value through profit or loss | 7 | (1,441,443) | 3,077,995 |
| TOTAL INCOME, NET | | 4,175,407 | 2,516,162 |
| EXPENSES | | | |
| Management fees | 9 | 322,732 | 297,887 |
| Service fees | | 33,050 | 21,762 |
| Administrative and other expenses | | 88,845 | 76,540 |
| Transaction fees | 10 | 113,859 | 116,470 |
| Custodian fees | | 41,139 | 43,529 |
| Audit fees | | 37,289 | 36,380 |
| Director fees | 9 | 19,500 | 19,500 |
| Independent review committee fees | 9 | 7,500 | 6,898 |
| Legal fees | | 2,255 | 6,405 |
| Shareholder reporting costs | | 14,670 | 14,550 |
| Harmonized sales tax | | 43,158 | 42,018 |
| Withholding taxes | 3 | 62,500 | 46,065 |
| TOTAL EXPENSES | | 786,497 | 728,004 |
| OPERATING PROFIT | | 3,388,910 | 1,788,158 |
| Preferred share distributions | | (1,093,502) | (1,126,656) |
| INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES | 11 | \$ 2,295,408 | \$ 661,502 |
| INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE | 11 | \$ 1.1011 | \$ 0.3078 |

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

For the years ended December 31

| | 2017 | 2016 |
|--|------------------|--------------|
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR | \$ 7,873,384 | \$ 7,369,111 |
| Increase in Net Assets Attributable to Holders of Class A Shares | 2,295,408 | 661,502 |
| Class A Share Capital Transactions | | |
| Value for Class A shares redeemed | (177,213) | (157,229) |
| Changes in Net Assets Attributable to Holders of Class A Shares during the Year | 2,118,195 | 504,273 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF YEAR | \$ 9,991,579 | \$ 7,873,384 |

Statements of Cash Flows

For the years ended December 31

| | 2017 | 2016 |
|--|------------------|--------------|
| CASH, BEGINNING OF YEAR | \$ 1,226,739 | \$ 1,155,682 |
| Cash Flows Provided by/(Used In) Operating Activities | | |
| Operating Profit | 3,388,910 | 1,788,158 |
| Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities | | |
| Net realized (gain)/loss on investments at fair value through profit or loss | (3,754,950) | 2,089,211 |
| Net realized gain on options at fair value through profit or loss | (113,190) | (678,886) |
| Net realized gain on foreign exchange contracts at fair value through profit or loss | (723,601) | (46,213) |
| Net change in unrealized gain/loss on investments at fair value through profit or loss | 1,441,443 | (3,077,995) |
| Net change in unrealized gain/loss on foreign cash | (5,772) | 2,003 |
| Increase in dividends receivable and due from brokers - investments | (86,409) | (3,807) |
| (Decrease)/increase in accrued liabilities and accrued management fees | 2,614 | (13,430) |
| Purchase of investment securities | (73,068,214) | (76,521,305) |
| Proceeds from disposition of investment securities | 74,447,448 | 78,635,126 |
| | (1,860,631) | 384,704 |
| Cash Flows Used In Financing Activities | | |
| Preferred share distributions | (1,093,502) | (1,126,656) |
| Preferred share redemptions | (445,080) | (817,920) |
| Class A share redemptions | (177,213) | (157,229) |
| | (1,715,795) | (2,101,805) |
| Net Increase/(Decrease) in Cash during the Year | (187,516) | 71,057 |
| CASH, END OF YEAR | \$ 1,039,223 | \$ 1,226,739 |
| Dividends received, net of withholding taxes | \$ 940,002 | \$ 752,407 |
| Interest received | \$ 4,656 | \$ - |

Schedule of Investments

As at December 31, 2017

| | Number of Shares/ Contracts | Average Cost/ Proceeds | Fair Value | % of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares |
|---|--------------------------------|---------------------------|----------------------|--|
| INVESTMENTS | | | | |
| Canadian Common Shares | | | | |
| Financials | | | | |
| Bank of Montreal | 10,000 | \$ 1,010,181 | \$ 1,005,900 | |
| Brookfield Asset Management Inc. | 25,300 | 1,303,549 | 1,384,416 | |
| Canadian Imperial Bank of Commerce | 10,200 | 1,175,912 | 1,249,908 | |
| National Bank of Canada | 14,400 | 817,490 | 903,168 | |
| Royal Bank of Canada | 12,000 | 1,193,285 | 1,231,800 | |
| Sun Life Financial Inc. | 23,600 | 1,237,531 | 1,224,368 | |
| The Toronto-Dominion Bank | 6,300 | 426,647 | 463,995 | |
| Total Financials | | 7,164,595 | 7,463,555 | 24.4 % |
| Total Canadian Common Shares | | \$ 7,164,595 | \$ 7,463,555 | 24.4 % |
| Non-North American Common Shares | | | | |
| Financials | | | | |
| China Life Insurance Co. Ltd. ADR | 66,400 | \$ 1,403,999 | \$ 1,298,682 | |
| HSBC Holdings plc | 17,400 | 993,392 | 1,125,816 | |
| ING Groep N.V. | 50,700 | 837,037 | 1,172,658 | |
| Mitsubishi UFJ Financial Group, Inc. | 143,000 | 1,254,252 | 1,302,574 | |
| Prudential PLC ADR | 20,100 | 1,184,995 | 1,278,853 | |
| UBS Group AG | 60,100 | 1,347,209 | 1,384,803 | |
| Total Financials | | 7,020,884 | 7,563,386 | 24.7 % |
| Total Non-North American Common Shares | | \$ 7,020,884 | \$ 7,563,386 | 24.7 % |
| United States Common Shares | | | | |
| Financials | | | | |
| Ameriprise Financial, Inc. | 6,500 | \$ 1,139,432 | \$ 1,380,187 | |
| Berkshire Hathaway Inc. | 5,600 | 1,241,076 | 1,390,808 | |
| BlackRock, Inc. | 2,500 | 1,451,944 | 1,609,125 | |
| CME Group Inc. | 7,800 | 1,276,057 | 1,427,342 | |
| Intercontinental Exchange, Inc. | 10,000 | 919,244 | 884,078 | |
| JPMorgan Chase & Co. | 10,700 | 1,141,179 | 1,433,692 | |
| Lincoln National Corporation | 4,700 | 463,830 | 452,675 | |
| MetLife, Inc. | 9,300 | 589,479 | 589,144 | |
| The Charles Schwab Corporation | 26,400 | 1,507,048 | 1,699,203 | |
| The PNC Financial Services Group, Inc. | 7,600 | 1,284,616 | 1,373,984 | |
| Wells Fargo & Company | 13,000 | 1,009,695 | 988,210 | |
| Total Financials | | 12,023,600 | 13,228,448 | 43.3 % |
| Total United States Common Shares | | \$ 12,023,600 | \$ 13,228,448 | 43.3 % |
| Exchange-Traded Funds | | | | |
| Premium Income Corporation | 90,946 | \$ 712,758 | \$ 740,300 | 2.4 % |
| Forward Exchange Contracts | | | | |
| Sold USD \$4,245,000, Bought CAD \$5,385,122 @ 0.78828 - January 10, 2018 | | | \$ 67,311 | |
| Sold USD \$3,700,000, Bought CAD \$4,711,765 @ 0.78527 - January 10, 2018 | | | 76,678 | |
| Sold USD \$8,800,000, Bought CAD \$11,290,400 @ 0.77942 - January 24, 2018 | | | 268,645 | |
| Total Forward Exchange Contracts | | | \$ 412,634 | 1.3 % |
| Options | | | | |
| Purchased Call Options (100 shares per contract) | | | | |
| Royal Bank of Canada - February 2018 @ \$98 | 106 | \$ 12,490 | \$ 52,205 | |
| Royal Bank of Canada - February 2018 @ \$105 | 735 | 60,983 | 34,913 | |
| The Bank of Nova Scotia - January 2018 @ \$82 | 718 | 48,092 | 28,361 | |
| Total Purchased Call Options | | 121,565 | 115,479 | 0.4 % |
| Written Covered Call Options (100 shares per contract) | | | | |
| UBS Group AG - January 2018 @ \$18 | (200) | (3,574) | (21,300) | (0.1)% |
| Total Options | | \$ 117,991 | \$ 94,179 | 0.3 % |
| Adjustment for transaction fees | | (22,771) | | |
| TOTAL INVESTMENTS | | \$ 27,017,057 | \$ 29,502,502 | 96.4 % |
| OTHER NET ASSETS | | | 1,095,147 | 3.6 % |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES | | | \$ 30,597,649 | 100.0 % |

1. Corporate Information

World Financial Split Corp. (the “Fund”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 2003. The Fund began operations on February 17, 2004. On May 31, 2011, holders of Class A shares and Redeemable Preferred shares approved a proposal to extend the term of the Fund for seven years to June 30, 2018 from its scheduled termination date of June 30, 2011, and for automatic successive seven year terms thereafter. The address of the Fund’s registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

Strathbridge Asset Management Inc. (“Strathbridge”) is the Manager as well as the Investment Manager of the Fund. RBC Investor Services Trust is the Custodian of the Fund.

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share.

The Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services or real estate companies by market capitalization in each of Canada, the United States and the Rest of the World (the “Portfolio Universe”). The issuers of securities in the Portfolio Universe, other than Canadian issuers, must have a minimum credit rating of “A” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. In addition, up to 25 percent of the net asset value of the Fund may be invested in common equity securities of financial services or real estate companies not included in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least US\$10 billion and for non-Canadian issuers, a minimum credit rating of “A-” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. The Fund may also invest in public investment funds including exchange-traded funds or other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

These financial statements were approved by the Board of Directors on March 2, 2018.

2. Basis of Presentation

The annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board.

3. Summary of Significant Accounting Policies

Functional and Presentation Currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). Despite investments and related income being primarily in U.S. currency, the Manager has determined that the Canadian dollar is the functional currency as the Fund incurs its expenses, measures its performance and issues and redeems shares in Canadian dollars. The financial statements of the Fund are presented in Canadian dollars which is the Fund’s presentation currency.

Financial Instruments

The financial statements have been prepared on the historical cost basis except for the fair valuation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Under International Accounting Standard (“IAS”) 39, Financial Instruments: Recognition and Measurement (“IAS 39”), the Fund’s equity investments are designated at fair value through profit or loss (“FVTPL”) at inception and derivative investments are classified as held for trading and measured at FVTPL.

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. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price as its valuation input for financial assets and liabilities if the last traded price falls within the bid-ask spread. In other 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 for financial reporting purposes.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques as described in Note 4.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Net realized gain/(loss) on investments at fair value through profit or loss and net change in unrealized gain/loss on investments at fair value through profit or loss are determined on an average cost basis. Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from:

- (i) Expiration of written options whereby realized gains are equivalent to the premium received,
- (ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option, and
- (iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses relating to purchased put options may arise from:

- (i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid,
- (ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid, and
- (iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized gain/loss on investments at fair value through profit or loss. The premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date.

Interest income is measured using the effective interest method and recorded on a daily basis.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) on short-term investments are reflected as interest income (loss). Realized gains (losses) relating to forward exchange contracts are included in net realized gain/(loss) on forward exchange contracts at fair value through profit or loss. Other foreign exchange gains (losses) are recorded as realized or unrealized gain/(loss) on investments at fair value through profit or loss, as appropriate.

Short-Term Investments

Short-term investments are held for investment purposes and consist primarily of money market instruments with original maturities of 90 days or less.

Class A and Class J Shares

IAS 32, Financial Instruments: Presentation (“IAS 32”) requires that the Class A and Class J shares (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraph 16A are met. The Fund’s Class A and Class J shares do not meet the definition of IAS 32 paragraph 16A to be classified as equity.

Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share is calculated by dividing the increase/(decrease) in net assets attributable to holders of Class A shares by the weighted average number of Class A shares outstanding during the year. Please refer to Note 11 for the calculation.

Taxation

The Fund is a “mutual fund corporation” as defined in the Income Tax Act (Canada) (the “Act”) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 38 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses.

The Fund is also a “financial intermediary corporation” as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

The Fund currently incurs withholding taxes imposed by certain foreign countries on investment income. Such foreign income is recorded gross of withholding taxes, and the withholding taxes are presented as an expense item in the Statement of Comprehensive Income.

IAS 1 Disclosure Initiative

The Fund has applied amendments to IAS 1 Disclosure Initiative. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and

disaggregating information for disclosure purposes. In addition, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the Fund’s financial position and financial performance.

The application of these amendments has not resulted in any impact on the financial performance, the financial position or disclosures of the Fund.

IAS 7 Statement of Cash Flows

IAS 7 Statement of Cash Flows (“IAS 7”) requires disclosures related to changes in liabilities arising from financing activities for annual periods beginning on or after January 1, 2017. Class A shares issued by the Fund are classified as financial liabilities in accordance with IAS 32, as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

A reconciliation between the opening and closing balances of the Class A shares of the Fund is presented in the Statement of Changes in Net Assets Attributable to Holders of Class A Shares, including changes from cash flows and non-cash changes. Further, a reconciliation between the opening and closing balances of the Redeemable Preferred shares of the Fund is presented below, including changes from cash flows and non-cash changes.

| | Jan. 1, 2017 | Cash Changes | Non-Cash Changes | Dec. 31, 2017 |
|---|------------------|-----------------|---------------------|------------------|
| | Cash Redemptions | | | |
| Redeemable Preferred Shares (Note 8) | \$21,051,150 | (445,080) | - | \$20,606,070 |

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires the Manager to use judgment in applying accounting policies and to make estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

The Manager considers the currency of the primary economic environment in which the Fund operates to be Canadian dollars as this is the currency which in their opinion most faithfully represents the economic effects of underlying transactions, events and conditions. The financial statements of the Fund are presented in Canadian dollars as the Fund’s presentation currency.

In classifying and measuring the financial instruments held by the Fund, the Manager has applied the fair value option for financial assets and liabilities under IAS 39. The fair value option was used as: (i) fair value is readily available via market quotation; (ii) it eliminates or significantly reduces an accounting mismatch; and (iii) financial instruments designated at FVTPL is part of an investment portfolio managed on a fair value basis. As a result, the Fund’s equity investments have been designated at FVTPL at inception and the derivative investments have been classified as held for trading by nature and valued at FVTPL.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally recognized as standard within the investment industry. These valuation methods use observable data as practicable as possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments. Please refer to Note 6 for a further analysis of risks associated with financial instruments.

5. Capital Disclosures

IAS 1, Presentation of Financial Statements (“IAS 1”), requires the disclosure of: (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Fund’s objectives, policies and processes are described in Note 1, information on the Fund’s shares is described in Note 8 and the Fund does not have any externally imposed capital requirements.

6. Risks Associated with Financial Instruments

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which the Fund invests. The most important risks include credit risk, liquidity risk, market risk (including currency risk, interest rate risk, and price risk), concentration risk and capital risk management.

Credit Risk

The Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies.

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102. During the years ended December 31, 2017 and 2016, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

The Fund’s derivative instruments are subject to offsetting, enforceable netting arrangements and similar agreements. The Fund and its counterparty have elected to settle all transactions on a gross basis; however, each party has the option to settle all open contracts on a net basis in the event of default of the other party. All outstanding derivatives have been presented on a gross basis on the Statement of Financial Position as derivative assets or derivative liabilities, as they do not meet the criteria for offsetting in IAS 32 paragraph 42.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

Cash is required to fund redemptions. Shareholders must surrender units at least 10 business days prior to the last day of the month and receive payment on or before 10 calendar days following the month end valuation date. Therefore the Fund has a maximum of 20 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

The amounts in the table are the contractual undiscounted cash flows:

| | As at December 31, 2017 | | | |
|-----------------------------|-------------------------|------------|---------------|--|
| | Financial Liabilities | | | |
| | On Demand | < 3 months | Total | |
| Accrued liabilities | \$ – | \$ 50,578 | \$ 50,578 | |
| Accrued management fees | – | 27,931 | 27,931 | |
| Derivative liabilities | – | 21,300 | 21,300 | |
| Redeemable Preferred shares | 20,606,070 | – | 20,606,070 | |
| Class J shares | 100 | – | 100 | |
| Class A shares | 9,991,579 | – | 9,991,579 | |
| | \$ 30,597,749 | \$ 99,809 | \$ 30,697,558 | |

As at December 31, 2016

| | Financial Liabilities | | |
|-----------------------------|-----------------------|------------|---------------|
| | On Demand | < 3 months | Total |
| Derivative liabilities | \$ – | \$ 164,055 | \$ 164,055 |
| Accrued liabilities | – | 48,911 | 48,911 |
| Accrued management fees | – | 26,984 | 26,984 |
| Redeemable Preferred shares | 21,051,150 | – | 21,051,150 |
| Class J shares | 100 | – | 100 |
| Class A shares | 7,873,384 | – | 7,873,384 |
| | \$ 28,924,634 | \$ 239,950 | \$ 29,164,584 |

Redeemable Preferred Shares are redeemable on demand at the holder’s option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash flows, as holders of these instruments typically retain them for a longer period or to the Termination Date of June 30, 2018.

Market Risk

The Fund’s investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The following include sensitivity analyses that show how the net assets attributable to holders of Class A shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The portfolio includes securities and options denominated in foreign currencies. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the foreign currencies relative to the Canadian dollar. The Fund uses forward exchange contracts, from time to time, to actively hedge all or part of the majority of its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure to as at December 31, 2017 and 2016 in Canadian terms, and the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to Class A shares if the Canadian dollar had strengthened or weakened by 5 percent in relation to each of the other currencies, with all other variables held constant.

| | As at December 31, 2017 | | | | | |
|---|-------------------------|---------------|---------------|--|--------------|------------|
| | U.S. Currency Exposure | | | Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares | | |
| | Monetary | Non-Monetary | Total | Monetary | Non-Monetary | Total |
| | \$ (21,201,860) | \$ 21,510,834 | \$ 308,974 | \$ (1,060,093) | \$ 1,075,542 | \$ 15,449 |
| % of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares | (69)% | 70% | 1% | (3)% | 4% | 1% |
| | As at December 31, 2016 | | | | | |
| | U.S. Currency Exposure | | | Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares | | |
| | Monetary | Non-Monetary | Total | Monetary | Non-Monetary | Total |
| | \$ (10,033,602) | \$ 21,007,812 | \$ 10,974,210 | \$ (501,680) | \$ 1,050,391 | \$ 548,711 |
| % of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares | (35)% | 73% | 38% | (2)% | 4% | 2% |

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short-term fixed income securities. The Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

(c) Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate 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 segment. The Fund's most significant exposure to price risk arises from its investments in equity securities. Net assets per Unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the global financial services industry.

The Fund's price risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options. Approximately 95 percent (2016 - 96 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at December 31, 2017 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2017, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$1.4 million (2016 - \$1.4 million) respectively or 4.7 percent (2016 - 4.8 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Manager believes that a portfolio that is subject to covered call option writing or purchased put options should provide a degree of protection against falling share prices in a downward trending market.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures with 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:

| | Dec. 31, 2017 | Dec. 31, 2016 |
|-------------------|------------------|------------------|
| United States | 45.6% | 48.5% |
| Canada | 28.3% | 24.6% |
| Rest of the World | 26.1% | 26.9% |
| | 100.0% | 100.0% |

Capital Risk Management

Class A shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Class A shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the net asset value ("NAV") per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation; and (b) the difference between (i) the Unit Market Price (as defined below) and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation. The cost of the purchase of a Preferred share will include the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund such purchase. If the NAV per Unit is less than \$10.00 the retraction price of a Class A share will be nil. Class A shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit.

The "Unit Market Price" means the sum of the Class A Market Price and the Preferred Market Price.

The "Class A Market Price" means the weighted average trading price of the Class A shares, on the stock exchange on which the Class A shares are listed, for the 10 trading days immediately preceding the applicable valuation date.

The "Preferred Market Price" means the weighted average trading price of the Preferred shares, on the stock exchange on which the Preferred shares are listed, for the 10 trading days immediately preceding the applicable valuation date.

Redeemable Preferred shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Preferred shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the NAV per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Class A share in the market for cancellation; and (b) the lesser of (i) the Unit Market Price less the cost to the Fund of purchasing a Class A share in the market for cancellation and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A share. Redeemable Preferred shares also have an annual retraction right under which a shareholder may concurrently retract one Redeemable Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit.

Fair Value Measurement

The Fund classifies fair value of measurement 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

Level 2: Inputs, other than quoted prices 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 that are based on unobservable market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2017 and 2016.

| | As at December 31, 2017 | | | Total |
|-------------------------------------|-------------------------|------------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Canadian Common Shares | \$ 7,463,555 | \$ - | \$ - | \$ 7,463,555 |
| United States Common Shares | 13,228,448 | - | - | 13,228,448 |
| Non-North American Common Shares | 7,563,386 | - | - | 7,563,386 |
| Exchange-Traded Funds | 740,300 | - | - | 740,300 |
| Forward Exchange Contracts | - | 412,634 | - | 412,634 |
| Options | 94,179 | - | - | 94,179 |
| | \$ 29,089,868 | \$ 412,634 | \$ - | \$ 29,502,502 |

| | As at December 31, 2016 | | | Total |
|-------------------------------------|-------------------------|--------------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Canadian Common Shares | \$ 6,866,755 | \$ - | \$ - | \$ 6,866,755 |
| Non-North American Common Shares | 7,506,980 | - | - | 7,506,980 |
| United States Common Shares | 12,538,677 | - | - | 12,538,677 |
| Exchange-Traded Funds | 962,155 | - | - | 962,155 |
| Forward Exchange Contracts | - | (148,901) | - | (148,901) |
| | \$ 27,874,567 | \$ (148,901) | \$ - | \$ 27,725,666 |

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, Redeemable Preferred shares and the Fund's obligation for net assets attributable to holders of Class A shares approximate their fair values due to their short-term nature.

(a) Equities

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

(b) Short-Term Investments

Short-term investments are valued at cost plus accrued interest which approximates fair value. The inputs are observable and therefore short-term investments are classified as Level 2.

(c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of forward exchange contracts and option contracts.

Listed options are classified as Level 1 as the security is traded in a recognized exchange and a reliable price is readily observable.

Fair value of over-the-counter options is determined using the Black-Scholes Model with observable market data as inputs. Forward exchange contracts are valued on the gain or loss that would be realized if, on the valuation date, the position in the forward exchange contract, as the case may be, was to be closed out. Over-the-counter option and forward exchange contracts, for which the credit risks are determined not to be significant to fair value, have been classified as Level 2.

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during 2017 and 2016.

7. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2017 and 2016.

| | As at December 31, 2017 | | | Total |
|---------------------------------|--|---|---|---------------|
| | Financial Instruments at FVTPL Designated at Inception | Financial Instruments at FVTPL Held for Trading | Financial Instruments at Amortized Cost | |
| Assets | | | | |
| Non-derivative financial assets | \$ 28,995,689 | \$ - | \$ - | \$ 28,995,689 |
| Derivative assets | - | 528,113 | - | 528,113 |
| Due from brokers - investments | - | - | 68,458 | 68,458 |
| Dividends receivable | - | - | 66,075 | 66,075 |
| Cash | - | - | 1,039,223 | 1,039,223 |
| | \$ 28,995,689 | \$ 528,113 | \$ 1,173,756 | \$ 30,697,558 |
| Liabilities | | | | |
| Derivative liabilities | \$ - | \$ 21,300 | \$ - | \$ 21,300 |
| Accrued liabilities | - | - | 50,578 | 50,578 |
| Accrued management fees | - | - | 27,931 | 27,931 |
| Redeemable Preferred shares | - | - | 20,606,070 | 20,606,070 |
| Class J shares | - | - | 100 | 100 |
| Class A shares | - | - | 9,991,579 | 9,991,579 |
| | \$ - | \$ 21,300 | \$ 30,676,258 | \$ 30,697,558 |

| | As at December 31, 2016 | | | Total |
|---------------------------------|--|---|---|---------------|
| | Financial Instruments at FVTPL Designated at Inception | Financial Instruments at FVTPL Held for Trading | Financial Instruments at Amortized Cost | |
| Assets | | | | |
| Non-derivative financial assets | \$ 27,874,567 | \$ - | \$ - | \$ 27,874,567 |
| Derivative assets | - | 15,154 | - | 15,154 |
| Dividends receivable | - | - | 48,124 | 48,124 |
| Cash | - | - | 1,226,739 | 1,226,739 |
| | \$ 27,874,567 | \$ 15,154 | \$ 1,274,863 | \$ 29,164,584 |
| Liabilities | | | | |
| Derivative liabilities | \$ - | \$ 164,055 | \$ - | \$ 164,055 |
| Accrued liabilities | - | - | 48,911 | 48,911 |
| Accrued management fees | - | - | 26,984 | 26,984 |
| Redeemable Preferred shares | - | - | 21,051,150 | 21,051,150 |
| Class J shares | - | - | 100 | 100 |
| Class A shares | - | - | 7,873,384 | 7,873,384 |
| | \$ - | \$ 164,055 | \$ 29,000,529 | \$ 29,164,584 |

The following table presents the net gain on financial instruments at FVTPL by category for the years ended December 31, 2017 and 2016.

| | Dec. 31, 2017 | Dec. 31, 2016 |
|---|---------------------|---------------------|
| Net Realized Gain/(Loss) on Financial Instruments at FVTPL | | |
| Designated at Inception | \$ 3,754,950 | \$ (2,089,211) |
| Held for Trading | 836,791 | 725,099 |
| | 4,591,741 | (1,364,112) |
| Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL | | |
| Designated at Inception | (1,979,166) | 2,849,427 |
| Held for Trading | 537,723 | 228,568 |
| | (1,441,443) | 3,077,995 |
| Net Gain on Financial Instruments at FVTPL | \$ 3,150,298 | \$ 1,713,883 |

8. Shares

The Fund is authorized to issue an unlimited number of Preferred shares, Class A shares and 100 Class J shares. Together, a Preferred share and a Class A share constitute a Unit.

Preferred shares pay fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum. Class A shares have a targeted distribution of \$0.30 per quarter resulting in an 8.0 percent yield on the original issue price of \$15.00. Distributions on the Class A shares have been suspended in accordance with the prospectus as the net asset value per Unit is less than \$15.00.

For the year ended December 31, 2017, cash distributions paid to Preferred shareholders were \$1,093,502 (2016 - \$1,126,656) representing a payment of \$0.53 (2016 - \$0.53) per Preferred share.

During the year ended December 31, 2017, 44,508 (2016 - 81,792) Units were redeemed with a total retraction value of \$622,293 (2016 - \$975,149).

During the years ended December 31, 2017 and 2016, share transactions are as follows:

| | Dec. 31, 2017 | Dec. 31, 2016 |
|---|---------------|---------------|
| Redeemable Preferred Shares | | |
| Shares outstanding, beginning of year | 2,105,115 | 2,186,907 |
| Shares redeemed | (44,508) | (81,792) |
| Shares outstanding, end of year | 2,060,607 | 2,105,115 |
| Class A Shares | | |
| Shares outstanding, beginning of year | 2,105,115 | 2,186,907 |
| Shares redeemed | (44,508) | (81,792) |
| Shares outstanding, end of year | 2,060,607 | 2,105,115 |
| Class J Shares | | |
| Shares outstanding, beginning and end of year | 100 | 100 |

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Management Fees

Strathbridge, as Manager under the terms of the Management Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's net asset value, excluding the Redeemable Preferred Share liability, and calculated and payable monthly, plus applicable taxes. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Custodian and Manager in the ordinary course of business relating to the Fund's operations.

Total management fees for the year ended December 31, 2017 were \$322,732 (2016 - \$297,887) of which \$27,931 (2016 - \$26,984) was unpaid at year-end.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the year ended December 31, 2017 were \$19,500 (2016 - \$19,500).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2017 were \$7,500 (2016 - \$6,898).

10. Brokerage Commissions and Soft Dollars

The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid during the years ended December 31, 2017 and 2016 is disclosed below:

| | Dec. 31, 2017 | Dec. 31, 2016 |
|--------------------------------------|------------------|------------------|
| Soft Dollars | \$ 68,558 | \$ 54,766 |
| Percentage of Total Transaction Fees | 60.2% | 47.0% |

11. Increase in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase in net assets attributable to holders of Class A shares per Class A share for the years ended December 31, 2017 and 2016 is calculated as follows:

| | Dec. 31, 2017 | Dec. 31, 2016 |
|--|------------------|------------------|
| Increase in Net Assets Attributable to Holders of Class A Shares | \$ 2,295,408 | \$ 661,502 |
| Weighted Average Number of Class A Shares Outstanding during the Year | 2,084,629 | 2,148,916 |
| Increase in Net Assets Attributable to Holders of Class A Shares per Class A Share | \$ 1.1011 | \$ 0.3078 |

12. Income Taxes

No amount is payable on account of income taxes in 2017 or 2016.

Accumulated non-capital losses of approximately \$0.5 million (2016 - \$0.7 million) and accumulated capital losses of approximately \$116.6 million (2016 - \$120.8 million) are available for utilization against realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

| Expiration Date | Amount (in \$millions) |
|-----------------|------------------------|
| 2033 | \$0.2 |
| 2036 | 0.3 |
| Total | \$0.5 |

13. Future Accounting Policy Changes

IFRS 9 Financial Instruments ("IFRS 9") issued in July 2014, replaces the existing guidance in IAS 39. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on

recognition and derecognition of financial instruments from IAS 39. It is effective for annual periods beginning on or after January 1, 2018. The Fund plans to adopt the new standard the date it becomes effective.

Classification and Measurement of Financial Assets and Financial Liabilities

Under IFRS 9, classification and measurement of financial assets will be driven by the Fund's business model for managing them and their contractual cash flows. Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

IFRS 9 largely retains the existing requirements for classification and measurement of financial liabilities. However, unlike IAS 39 where all fair value changes of liabilities designated at fair value through profit or loss are recognized in profit or loss, under IFRS 9, fair value changes related to changes in the issuer's own credit risk will be presented in other comprehensive income.

Based on the Fund's initial assessment, IFRS 9 is not expected to have a material impact on classification and measurement of financial instruments, since the Fund makes decisions based on the assets' fair values and manages the assets to realize those fair values. As such the majority of the Fund's financial assets will continue to be measured at FVTPL. In addition, derivatives will continue to be measured at FVTPL.

Impairment of Financial Assets

IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at FVOCI. The ECL impairment model will not have a material impact to the Fund's financial assets given that the majority of the Fund's financial assets will continue to be measured at FVTPL.

Hedge Accounting

The Fund does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes do not have an impact on the Fund's financial statements.

Based on the Fund's initial assessment, IFRS 9 is not expected to have a material impact to the Fund's financial statements.