

BELLWETHER US STOCK FUND

FINANCIAL STATEMENTS

For the year ended December 31, 2016

(in Canadian dollars)

Independent Auditor's Report

To the Unitholders of the
Bellwether US Stock Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Bellwether US Stock Fund, which comprise of the statement of financial position as at December 31, 2016, the statement of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2016 and a schedule of investment portfolio as at December 31, 2016 and a summary of significant policies and other explanatory information.

Trustee's and Manager's Responsibility for the Financial Statements

The Trustee and the Manager are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Trustee and the Manager 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

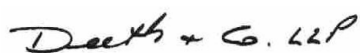
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 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 the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit 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 Bellwether US Stock Fund as at December 31, 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants
Licensed Public Accountants

Mississauga, Ontario
March 20, 2017

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BELLWETHER US STOCK FUND

Statement of Financial Position December 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,408,670	\$ 1,046,621
Interest receivable	542	393
Dividends receivable	13,769	3,919
Investments owned, at fair value (Cost:\$18,318,292 - 2015:\$6,292,670)	<u>21,666,849</u>	<u>8,462,920</u>
	<u>23,089,830</u>	<u>9,513,853</u>
LIABILITIES		
Current liabilities		
Accrued expenses	16,273	6,308
Management fees payable	105	148
Payable for investments purchased	<u>190,740</u>	<u>-</u>
	<u>207,118</u>	<u>6,456</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 22,882,712</u>	<u>\$ 9,507,397</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ 123,691	\$ 175,386
Series O	<u>22,759,021</u>	<u>9,332,011</u>
	<u>\$ 22,882,712</u>	<u>\$ 9,507,397</u>
Number of Redeemable Units Outstanding (Note 5)		
Series F	9,136	13,202
Series O	1,572,374	660,108
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ 13.54	\$ 13.28
Series O	14.47	14.14

Approved :



Trustee:

Trustee:

BELLWETHER US STOCK FUND

Statement of Comprehensive Income For the year ended December 31, 2016

	2016	2015
Income		
Dividends	\$ 412,381	\$ 152,756
Interest income for distribution purposes	6,262	1,856
Change in unrealized gain on investments and foreign currency	1,159,179	509,012
Realized gain on sale of investments and foreign currency	174,525	441,441
	<u>1,752,347</u>	<u>1,105,065</u>
Expenses		
Operating costs (Note 6)	133,847	62,836
Withholding tax	48,345	22,301
Commissions and other portfolio transaction costs	11,746	5,184
Management fees (Note 6)	1,395	2,881
	<u>195,333</u>	<u>93,202</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 1,557,014</u>	<u>\$ 1,011,863</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ -	\$ 12,540
Series F	(1,695)	27,682
Series O	1,558,709	971,641
	<u>\$ 1,557,014</u>	<u>\$ 1,011,863</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ -	\$ 1.65
Series F	(0.17)	2.02
Series O	1.43	1.96

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

BELLWETHER US STOCK FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the year ended December 31, 2016

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Distribution to unitholders from net investment income	Redemption of redeemable units	Reinvestment of distribution	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
2016							
Series F	\$ 175,386	\$ -	\$ (404)	\$ (50,000)	\$ 404	\$ (1,695)	123,691
Series O	9,332,011	12,600,195	(224,663)	(731,894)	224,663	1,558,709	22,759,021
	<u>\$ 9,507,397</u>	<u>\$ 12,600,195</u>	<u>\$ (225,067)</u>	<u>\$ (781,894)</u>	<u>\$ 225,067</u>	<u>\$ 1,557,014</u>	<u>22,882,712</u>
	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Distribution to unitholders from net investment income	Redemption of redeemable units	Reinvestment of distribution	Increase in net assets attributable to holders of redeemable units	Net Assets attributable to holders of redeemable units, end of year
2015							
Series A	\$ 84,419	\$ -	\$ -	\$ (96,959)	\$ -	\$ 12,540	-
Series F	197,704	-	-	(50,000)	-	27,682	175,386
Series O	4,546,215	3,924,496	(66,752)	(110,341)	66,752	971,641	9,332,011
	<u>\$ 4,828,338</u>	<u>\$ 3,924,496</u>	<u>\$ (66,752)</u>	<u>\$ (257,300)</u>	<u>\$ 66,752</u>	<u>\$ 1,011,863</u>	<u>9,507,397</u>

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

BELLWETHER US STOCK FUND

Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 1,557,014	\$ 1,011,863
Adjustments for non-cash items		
Commissions and other portfolio transaction costs	11,746	5,184
Change in unrealized loss on investments and foreign currency	(1,159,179)	(509,012)
Realized gain on sale of investments and foreign currency	(174,525)	(441,441)
Change in non-cash balances		
Increase in interest receivable	(149)	(305)
Increase in dividends receivable	(9,850)	(1,160)
Increase in accrued expenses	9,965	5,118
Decrease in management fees payable	(43)	(14)
Increase in payable for investments purchased	190,740	-
Proceeds from sale of investments	10,725,727	4,102,576
Purchase of investments	(22,598,263)	(6,836,952)
Cash used in operating activities	<u>(11,446,817)</u>	<u>(2,664,143)</u>
Financing Activities		
Proceeds from issuances of redeemable units	12,600,195	3,924,496
Amount paid on redemption of redeemable units	(781,894)	(257,300)
Cash provided by financing activities	<u>11,818,301</u>	<u>3,667,196</u>
Increase in cash during the year	371,484	1,003,053
Foreign exchange loss on cash	(9,435)	(13,104)
Cash, beginning of year	1,046,621	56,672
Cash, end of year	<u>\$ 1,408,670</u>	<u>\$ 1,046,621</u>
Supplemental information*		
Interest paid	\$ 473	\$ 21
Interest received	6,113	1,551
Dividends received, net of withholding taxes	354,185	129,295

*Included as a part of cash flows from operating activities

BELLWETHER US STOCK FUND

Schedule of Investment Portfolio

As at December 31, 2016

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	U.S. equities			
200	Alphabet Inc.	\$ 149,355	\$ 207,265	0.91
250	Alphabet Inc.	198,503	266,006	1.16
2,500	Ameriprise Financial Inc.	282,672	372,398	1.63
5,900	Apple Inc.	656,273	917,518	4.01
7,534	AT&T Inc.	358,920	430,229	1.88
17,000	Bank of America Corp.	319,619	504,452	2.20
4,500	Cardinal Health Inc.	460,020	434,854	1.90
4,000	Celgene Corp.	461,789	621,670	2.72
3,000	Chevron Corp.	381,764	474,107	2.07
11,000	Cisco Systems Inc.	374,370	446,340	1.95
5,000	CMS Energy Corp.	223,408	279,416	1.22
5,000	Comcast Corp.	369,362	463,567	2.03
2,000	Costco Wholesale Corp.	359,120	429,959	1.88
4,500	CVS Health Corp.	444,862	476,786	2.08
8,000	CyrusOne Inc.	510,353	480,472	2.10
27,200	Deutsche X-trackers MSCI Europe Hedged Equity ETF	932,920	926,549	4.05
85,000	DHT Holdings Inc.	587,445	472,496	2.06
12,500	DR Horton Inc.	488,830	458,700	2.00
3,000	Eastman Chemical Co.	245,826	302,953	1.32
3,200	Facebook Inc.	501,612	494,328	2.16
24,670	Fly Leasing Ltd.	451,051	440,555	1.93
9,000	General Motors Co.	358,948	421,017	1.84
4,500	Gilead Sciences Inc.	342,486	432,678	1.89
8,000	Intel Corp.	349,327	389,598	1.70
10,000	iShares Core Dividend Growth ETF	347,143	388,040	1.70
300	iShares Nasdaq Biotechnology ETF	121,356	106,898	0.47
2,100	iShares U.S. Home Construction ETF	42,795	77,485	0.34
4,050	JPMorgan Chase & Co.	266,577	469,239	2.05
4,500	Macquarie Infrastructure Corp.	435,378	493,644	2.16
7,000	Marathon Petroleum Corp.	406,332	473,235	2.07
15,000	Micron Technology Inc.	304,086	441,480	1.93
800	Noble Corp plc	29,767	6,359	0.03
7,000	Oracle Corp.	317,357	361,388	1.58
3,100	PepsiCo Inc.	374,485	435,509	1.90
10,600	Pfizer Inc.	444,096	462,275	2.02
3,250	Prudential Financial Inc.	284,056	454,094	1.98
6,500	Royal Dutch Shell PLC	445,662	474,604	2.07
7,000	Southwest Airlines Co.	346,974	468,441	2.05
6,000	Starbucks Corp.	331,859	447,280	1.95
12,500	The Blackstone Group LP	431,653	453,665	1.98
1,750	The Goldman Sachs Group Inc.	358,699	562,642	2.46
2,500	The Home Depot Inc.	384,258	450,073	1.97
2,500	Union Pacific Corp.	217,339	348,028	1.52
2,000	UnitedHealth Group Inc.	316,278	429,771	1.88
4,000	Vanguard S&P 500 ETF	1,044,158	1,102,679	4.82

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

BELLWETHER US STOCK FUND

Schedule of Investment Portfolio (Cont'd)

As at December 31, 2016

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	U.S. equities (Cont'd)			
5,500	Verizon Communications Inc.	\$ 326,172	\$ 394,203	1.72
4,000	Visa Inc.	308,427	419,030	1.83
6,000	Wells Fargo & Co.	353,745	443,977	1.94
3,500	Wyndham Worldwide Corp.	270,805	358,897	1.57
		<u>18,318,292</u>	<u>21,666,849</u>	<u>94.68</u>
	Total investments owned	18,318,292	21,666,849	94.68
	Commissions and other portfolio transaction costs	<u>(14,151)</u>	<u>—</u>	<u>—</u>
	Net investments owned	<u>\$ 18,304,141</u>	21,666,849	94.68
	Other assets, net		<u>1,215,863</u>	<u>5.32</u>
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 22,882,712</u>	<u>100.00</u>

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

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

1 Formation of the Fund

The Bellwether US Stock Fund (the "Fund") is an open-ended mutual fund trust. The Fund was established by a Declaration of Trust dated June 22, 2007 and commenced operations on June 25, 2007. The address of the Fund's registered office is 1267 Cornwall Road, Suite 202, Oakville, Ontario, L6J 7T5.

The Fund invests in publicly traded equity securities of companies listed on a recognized stock exchange in the United States.

National Bank Financial Inc. is the Custodian of the Funds. SGGG Fund Services Inc. is the record keeper and valuation services agent for the Funds.

Bellwether Investment Management Inc. (the "Manager" or the "Trustee") is the manager and trustee of the Fund.

2 Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the international Accounting Standards Board (IASB). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board.

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 which are presented at fair value. The policies applied in these financial statements are based on IFRS issued and outstanding as of March 20, 2017 which is the date on which the financial statements were authorized for issue by the Trustee.

3 Summary of Significant Accounting Policies

New and Revised IFRS Issued But Not Yet Effective

The following new standards and amendments to existing standards were issued by the International Accounting Standards Board ("IASB"):

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces 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 recognised in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, it is available for early adoption. In addition, the Fund's credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Valuation of Investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or ask price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The Fund uses a variety of methods and makes

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

assumptions that are based on market conditions existing at each Statement of Financial Position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

Classification

The Fund classifies its investments in debt and equity securities and derivatives as financial assets and financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

- (i) Financial assets and financial liabilities held for trading
A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition it is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading. The Fund does not classify any derivatives as hedges in a hedging relationship.
- (ii) Financial assets and financial liabilities designated at fair value through profit or loss at inception
Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated as held for trading (HFT). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. 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 (Trading NAV) for transactions with unitholders.

Cash and cash equivalents

Cash is comprised of cash on deposit and cash equivalents and is deemed to be held for trading and carried at amortized cost.

Financial Instruments

The Fund's financial instruments include cash, dividends and interest receivable, investments, accrued expenses and distributions and management fees payable. Investments are designated as Held for Trading and fair valued based on the policies described under the heading "Valuation of Investments". All other financial instruments are designated as Loans and Receivables or Financial Liabilities and are carried at amortized cost, which closely approximates their fair values given their short-term nature. Please refer to Note 8 for a discussion of the management of financial risks.

Recognition/derecognition

The Fund recognizes financial assets or liabilities designated as trading securities on the trade date – the date it commits to purchase or sell short the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized and only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported 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. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Fair Value Measurement

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

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).

As of December 31, 2016 and 2015, all of the Fund's investments are classified as Level 1.

Investment Transactions and Revenue Recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gain/loss on sale of investments and unrealized appreciation/depreciation in 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 unrealized gain or loss on each investment held by the Fund at year end is determined by the fair value of that investment less the average cost of the investment.

Distributions from income trust holdings ("trusts") are recorded on the ex-distribution date and the components of the distributions are recorded as dividends, capital gains or a return of capital as appropriate and on the basis of the best information available to the Manager. Distributions from trusts that are a return of capital reduce the average cost of the trusts reported on the Statement of Investment Portfolio.

To the extent that a Fund incurs withholding taxes imposed by certain countries on investment income and capital gains generated in that country, the revenue from such income or gains is recorded net of withholding taxes in the Statement of Comprehensive Income.

Foreign Currency Translation

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 12:00pm Eastern Standard Time (the "noon rate") on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Net Assets Attributable to Holders per Unit

The Net Assets attributable to holders of redeemable units per unit are calculated by dividing the Net Assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the year.

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

Increase (decrease) in Net Assets Attributable to Holders per Unit

Increase (decrease) in Net Assets attributable to holders of redeemable units per unit is based on the increase (decrease) in Net Assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year. Refer to Note 10 for the calculation.

Taxation of the Fund

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for the calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund will be minimized.

In any year in which the Fund realizes a net capital loss, caused when realized capital losses exceed realized capital gains, the Fund may carry forward that net capital loss balance to reduce net realized capital gains in subsequent years.

As at December 31, 2016 and 2015, the Fund had net realized capital losses available to carry forward to future years as follows:

	2016	2015
Bellwether US Stock Fund	\$ 1,102,203	\$ 1,159,682

As at December 31, 2016 and 2015, the Fund had no accumulated non-capital losses available to carry forward.

Distributions

All distributions on redeemable Units of a series will be reinvested automatically in additional Units of the same series, without charge, at the series net asset value per Unit determined as of the date of distribution unless the unitholder otherwise directs in writing. The unitholder may, by written request, receive the distribution payment by cheque or electronic transfer. All distributions are made on a pro rata basis to each registered unitholder, determined as of the close of business on the date of distribution. When redemptions occur during the calendar year, the unitholder may have taxable income and capital gains attributed to them up to the date of redemption.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following discusses the most significant accounting judgements and estimates that the Fund has made in preparing the financial statements:

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments — Recognition and Measurement (IAS 39). The most significant judgements made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

5 Redeemable Units of the Fund

Unitholders' equity is considered to be the source of capital for the Fund. The Fund's objectives in managing capital are to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

its strategic objectives and to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

Since both the income and expenses of the Fund are reasonably predictable and since the Fund does not have any externally imposed capital requirements, the Trustee believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Trustee actively monitors the cash position and financial performance of the Fund to ensure there are resources to meet current distribution levels.

The Fund may issue an unlimited number of units, which may be divided into an unlimited number of Series. The Fund currently offers Series A, Series F and Series O Units. Series A Units may be purchased through investment dealers. Series F Units may be purchased either from investment dealers or directly from the Manager. Series O Units may only be purchased directly from the Manager. Series O Units are available to institutional investors and other selected investors who enter into a managed account agreement with the Manager. The managed account agreement stipulates the negotiated management fee that will be paid by the investor directly to the Manager.

Redeemable Units of each Fund are redeemable at the option of the unitholders in accordance with the provisions of the Offering Memorandum at their Net Asset Value Per Unit and do not have any nominal or par value.

The changes in outstanding redeemable units during the year ended December 31, 2016 and 2015 are summarized as follows:

	Redeemable Units, beginning of year	Subscription of Redeemable Units	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
December 31, 2016					
Series F	13,202	–	(4,096)	30	9,136
Series O	660,108	951,351	(54,606)	15,521	1,572,374
December 31, 2015					
Series A	7,595	–	(7,595)	–	–
Series F	17,154	–	(3,952)	–	13,202
Series O	372,237	291,181	(8,032)	4,722	660,108

6 Related Party Transactions

Management Fees

The Manager of the Fund is entitled to a Management Fee. The applicable Management Fee relating to Series A Units of the Fund is equal to (1/12) of 1.50% of the average Net Asset Value of the Fund relating to such series during each month. The applicable Management Fee relating to the Series F Units of the Fund is equal to (1/12) of 1.00% of the average Net Asset Value of the Fund relating to such series during each month. Management fees relating to the Series O Units of the Fund are paid directly by the unitholder and are not charged to the Fund.

Operating Expenses

The operating expenses charged to the Bellwether US Stock Fund cannot exceed one-twelfth (1/12) of 1.00% of the average Net Asset Value of the Fund during each month.

7 Brokerage Commissions and Other Transaction Costs

The Fund paid \$11,746 (December 31, 2015 - \$5,184) in brokerage commissions and other transaction costs for portfolio transactions during the year.

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover goods and services provided to the manager other than order execution (soft costs).

As of December 31, 2016 and 2015, the Fund did not have soft costs.

8 Risks Associated with Financial Instruments

The investment objective of the Fund is to provide long-term capital growth, primarily through investing in equity securities of companies in the United States. The Fund uses a blended investment style that combines quantitative, qualitative and technical analysis, to uncover companies that it believes have better than average valuations and balance sheet strength, and have a demonstrated track record of earnings growth.

The Fund is exposed to various types of risks that are associated with their investment strategies, financial instruments and the markets in which they invest. These financial risks include market risk (which includes currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Manager of the Fund seeks to minimize these risks by employing experienced portfolio managers who manage the security portfolios of the Fund on a daily basis according to market events and the Fund's investment objectives. The Manager further moderates these risks through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. 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 objective.

These risks and related risk management practices employed by the Fund are further discussed below:

(i) Currency Risk

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

The Fund holds assets, including cash, short-term investments and equities, which are denominated in US Dollars. The Canadian Dollar is the functional currency of the Fund. The Fund is therefore exposed to currency risk because the value of the securities denominated in US Dollars fluctuates due to changes in the exchange rate between the Canadian and US Dollar.

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

The table below summarizes the Fund's exposure to currency risk. As at December 31, 2016 and 2015, if the exchange rate between the Canadian Dollar and the US Dollar increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable units would approximately be as follows:

December 31, 2016	Exposure			5% Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-Monetary	Total	Monetary	Non-Monetary
U.S. Dollar	\$ 1,358,025	\$ 21,666,849	\$ 23,024,874	\$ 67,901	\$ 1,083,342	\$ 1,151,243
% of Net Assets						
Attributable to Holders						
of Redeemable Units	5.90	94.70	100.60	0.30	4.70	5.00

December 31, 2015	Exposure			5% Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-Monetary	Total	Monetary	Non-Monetary
U.S. Dollar	\$ 920,238	\$ 8,462,920	\$ 9,383,158	\$ 46,012	\$ 423,146	\$ 469,158
% of Net Assets						
Attributable to Holders						
of Redeemable Units	9.68	89.01	98.69	0.48	4.45	4.93

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. The Fund invests excess cash in cash and cash equivalents, being short-term and bearing market interest rates at the time of purchase. As a result, the Fund is not subject to significant interest rate risk due to fluctuations in the prevailing level of market interest rates.

As at December 31, 2016 and 2015, the Fund did not have significant exposure to interest rate risk.

(iii) 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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges as disclosed in the Fund's Offering Memorandum.

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

The Fund's other price risk is affected by changes in actual market prices. At December 31, 2016 and 2015, if the S&P 500 Composite Total Return Index (US\$) had increased or decreased by 5%, with all other variables held constant, then the approximate increase or decrease to Net Assets would have been as follows:

Market Sensitivity Analysis	December 31, 2016 Estimated Impact on net assets attributable to holders of redeemable units	December 31, 2015 Estimated Impact on net assets attributable to holders of redeemable units
Bellwether US Stock Fund	\$ 1,148,560	\$ 422,977

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with a Fund. The fair value of a financial instrument takes into account the credit rating of its issuer.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. Credit risk is considered minimal in the Fund because 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.

The Fund also invests in cash and cash equivalents and short-term investments. The Fund limits exposure to credit loss by placing cash and cash equivalents and other short-term investments with high credit quality government and financial institutions.

As at December 31, 2016 and 2015, the Fund did not have significant exposure to credit risk.

(v) Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the Fund's ability to satisfy the bi-monthly cash redemptions of units. Further liquidity risk arises from the fact that redeemable units are redeemable on demand at the unitholder's option. The Fund's investments are considered readily realizable and highly liquid. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

At December 31, 2016 and 2015, the Fund did not have significant exposure to liquidity risk.

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

9 Financial Instruments by Category

The following table presents the carrying amounts of the Fund's financial assets by category as at December 31, 2016 and 2015. All of the Fund's financial liabilities, other than its net assets attributable to holders of redeemable units, as at December 31, 2016 and 2015 were carried at amortized cost.

December 31, 2016

	Financial investments at FVTPL		Financial investments at amortized cost	Total
	designated at inception			
Assets				
Cash and cash equivalents	\$	–	\$ 1,408,670	\$ 1,408,670
Interest receivable		–	542	542
Dividends receivable		–	13,769	13,769
Investments owned, at fair value		21,666,849	–	21,666,849
	\$	21,666,849	\$ 1,422,981	\$ 23,089,830

December 31, 2015

	Financial investments at FVTPL		Financial investments at amortized cost	Total
	designated at inception			
Assets				
Cash and cash equivalents	\$	–	\$ 1,046,621	\$ 1,046,621
Interest receivable		–	393	393
Dividends receivable		–	3,919	3,919
Investments owned, at fair value		8,462,920	–	8,462,920
	\$	8,462,920	\$ 1,050,933	\$ 9,513,853

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the year ended December 31, 2016 and 2015 is calculated as follows:

	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Year	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit
December 31, 2016			
Series F	\$ (1,695)	9,947	\$ (0.17)
Series O	1,558,709	1,091,972	1.43
December 31, 2015			
Series A	\$ 12,540	7,595	\$ 1.65
Series F	27,682	13,696	2.02
Series O	971,641	496,721	1.96

BELLWETHER US STOCK FUND

Notes to Financial Statements

For the year ended December 31, 2016

11 Filing Exemption

The Fund has advised the Ontario Securities Commission that the Fund is relying on the exemption from the filing requirements pursuant to Section 2.11 of National Instrument 81-106.

12 Net gain from financial assets at fair value through profit or loss

	2016	2015
Net realized gain on financial assets and liabilities		
Held for trading	\$ –	\$ 1,970
Designated at fair value through profit and loss	183,960	452,576
	183,960	454,546
Net change in unrealized gain on financial assets and liabilities		
Designated at fair value through profit and loss	1,159,179	509,012
	\$ 1,343,139	\$ 963,558

The realized gain from financial assets and liabilities at fair value through profit or loss represents the difference between the carrying amount of the financial asset and/or liabilities at the beginning of the reporting period, or the transaction price if it was purchased during the reporting period, and its sale or settlement price.

The unrealized gain represents the difference between the carrying amount of a financial asset and/or liability at the beginning of the reporting period, or the transaction price if it was purchased during the reporting period, and its carrying amount at the end of the reporting period.