



Gold Participation and Income Fund

Annual Report 2015


Letter to Unitholders

We are pleased to present the 2015 annual report containing the management report of fund performance and the audited financial statements for Gold Participation and Income Fund (the “Fund”).

For the year ended December 31, 2015, the Fund’s annual total return, including reinvestment of distributions, was negative 18.4 percent. The Fund paid total cash distributions of \$0.30 per unit during the 2015 fiscal year, contributing to the overall decline in the net asset value (“NAV”) from \$4.97 per unit at December 31, 2014 to \$3.80 per unit at December 31, 2015. The decline in NAV, however, was mitigated by the Strathbridge Selective Overwriting strategy (see “The Fund”) which generated a net realized gain on options of \$0.05 per unit as compared to a net realized gain on options of \$0.03 per unit in 2014. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

On December 8, 2015, Strathbridge Asset Management Inc. (the “Manager”) announced a Special Meeting of unitholders to be held on January 19, 2016. The purpose of the meeting is to consider and vote upon a new proposal to change the investment objective and investment strategy of the Fund and to convert the Fund into an open-end mutual fund. Under this proposal, the Fund will invest in a diversified basket of exchange-traded funds that provide direct or indirect exposure to U.S. equity and fixed income markets. On January 19, 2016, the Manager announced that unitholders had approved a proposal to change the investment restrictions and investment strategy of the Fund.

We thank all unitholders for their continued support and encourage unitholders to review the detailed information contained within the annual report.



John P. Mulvihill
Chairman & CEO
Strathbridge Asset Management Inc.

The Fund

The Fund is a closed-end investment trust designed to provide investors with Canadian dollar exposure to the long-term performance of gold bullion and gold equity securities, while providing monthly distributions. The units are listed on the Toronto Stock Exchange under the ticker symbol GPF.UN.

To accomplish its objectives, the Fund invests in Gold Shares of SPDR Gold Trust (provided that after such purchase no more than an aggregate of 50 percent of the net asset value of the Fund is invested in securities of such issuer) and equity securities selected from the S&P/TSX Global Gold Index (provided that after such purchase, no more than an aggregate of 75 percent of the net asset value of the Fund is invested in such securities). The Fund may also invest in public investment funds including exchange-traded funds and 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. The Fund may, from time to time, selectively write covered call options in respect of up to a maximum of 25 percent of the securities in the portfolio. 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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

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Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2015 of Gold Participation and Income Fund (the “Fund”). The annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Investment Objectives and Strategies

The Fund’s investment objectives are to:

- (1) maximize total returns for unitholders including both long-term appreciation in net asset value (“NAV”) per unit and cash distributions, and
- (2) pay unitholders monthly distributions in an amount targeted to be 6.5 percent per annum on the NAV of the Fund.

To achieve its objectives, the Fund invests in Gold Shares of SPDR Gold Trust (provided that after such purchase no more than an aggregate of 50 percent of the net asset value of the Fund is invested in securities of such issuer) and equity securities selected from the S&P/TSX Global Gold Index (provided that after such purchase, no more than an aggregate of 75 percent of the net asset value of the Fund is invested in such securities). The Fund may also invest in public investment funds including exchange-traded funds and 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. The Fund may, from time to time, selectively write covered call options in respect of up to a maximum of 25 percent of the securities in the portfolio. 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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund’s 2015 annual information form, which is available on the Fund’s website at www.strathbridge.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the securities of the Fund.

Results of Operations

Distributions

For the year ended December 31, 2015, cash distributions of \$0.30 per unit were paid to unitholders compared to \$0.38 per unit a year ago.

Since the inception of the Fund on August 7, 2009, the Fund has paid total distributions of \$4.97 per unit, including special year-end distributions of \$0.15 in cash and \$0.97 in units of the Fund.

Revenue and Expenses

For the year ended December 31, 2015, the Fund’s total revenue was \$0.02 per unit, down \$0.01 per unit from last year due to lower dividend income. Total expenses in 2015 were \$0.37 per unit, up from \$0.28 per unit a year ago largely due to the special resolution expense of \$37,887 associated with the change in the Fund’s investment mandate and the decreased number of units outstanding during the year. The Fund had a net realized and unrealized loss of \$0.19 per unit in 2015 as compared to a net realized and unrealized gain of \$0.24 per unit in the prior year.

Net Asset Value

The net asset value per unit of the Fund decreased 23.5 percent from \$4.97 at December 31, 2014 to \$3.80 at December 31, 2015. The total net asset value of the Fund decreased \$2.19 million from \$4.82 million at December 31, 2014 to \$2.63 million at December 31, 2015, largely reflecting redemptions of \$1.58 million, cash distributions of \$0.21 million and a decrease in net assets attributable to equity holders of \$0.39 million.

Recent Developments

On January 2, 2015, the Manager announced that the proposal to change the investment restrictions and investment strategy of the Fund was approved by the unitholders. A joint management information circular was mailed to unitholders of record on November 21, 2014 and a special meeting of unitholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal. The proposal was to: (a) gold shares of SPDR Gold Trust (or securities of such other publicly-traded, exchange-listed investment fund that tracks the price of gold), provided that after such purchase, no more than an aggregate of 50 percent of the net asset value of the Fund is invested in securities of such issuer; or (b) equity securities (including ADRs and public investment funds including exchange-traded funds and 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 in the S&P/TSX Global Gold Index, provided that after such purchase, no more than an aggregate of 75 percent of the net asset value of the Fund is invested in such securities; (ii) enable the Fund to invest up to 10 percent of its net assets to purchase call options in respect of the securities in which the Fund is permitted to invest; (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in Canadian or U.S. dollars, in its discretion; and (iv) change the Fund's investment strategy to permit the Manager to hedge foreign currency exposure in its discretion when considered appropriate.

On December 8, 2015, Strathbridge Asset Management Inc. (the "Manager") announced a special meeting of unitholders to be held on January 19, 2016. The purpose of the meeting was to consider and vote upon a new proposal to change the investment objective and investment strategy of the Fund and to convert the Fund into an open-end mutual fund. Under this proposal, the Fund will invest in a diversified basket of exchange-traded funds that provide direct or indirect exposure to U.S. equity and fixed income markets. The Fund will also change its name to "U.S. Tactical Allocation Fund" to reflect this new strategy.

Related Party Transactions

Strathbridge Asset Management Inc. ("Strathbridge"), as the Investment Manager of the Fund, manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated July 27, 2009.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated July 27, 2009. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

Strathbridge is paid the fees described under the Management Fees section of this report.

During the year, no recommendations or approvals were required to be sought from the Independent Review Committee ("IRC") concerning related party transactions.

Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As a result of the adoption of International Financial Reporting Standards ("IFRS"), for December 31, 2015, 2014 and 2013, the net assets per unit presented in the financial statements and the net asset value per unit calculated weekly are both valued at closing prices. For all other prior years ended December 31, the net assets per unit presented in the financial statements differs from the net asset value per unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended December 31	2015	2014	2013	2012	2011
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year ⁽¹⁾	\$ 4.97	\$ 5.60	\$ 9.82	\$ 11.40	\$ 13.56
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	0.02	0.03	0.05	0.05	0.04
Total expenses	(0.37)	(0.28)	(0.27)	(0.29)	(0.38)
Realized gain (loss) for the period	(0.72)	(0.48)	(2.47)	0.02	(0.53)
Unrealized gain (loss) for the period	0.53	0.72	(1.03)	0.03	(1.52)
Total Increase (Decrease) from Operations⁽²⁾	(0.54)	(0.01)	(3.72)	(0.19)	(2.39)
DISTRIBUTIONS					
From net investment income	–	–	–	(0.67)	(0.18)
Non-taxable distributions	(0.30)	(0.38)	(0.49)	(0.04)	(0.67)
Total Annual Distributions⁽³⁾	(0.30)	(0.38)	(0.49)	(0.71)	(0.85)
Net Assets, end of year⁽¹⁾	\$ 3.80	\$ 4.97	\$ 5.60	\$ 9.80	\$ 11.40

(1) All per unit figures presented in 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the years ended December 31, 2015 and 2014. Net assets per unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian generally accepted accounting principles. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years beginning on or after January 1, 2013 and for all other prior years at bid prices) and the aggregate value of the liabilities, divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution.

Financial Highlights

Years ended December 31	2015	2014	2013	2012	2011
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value (\$millions) ⁽¹⁾	\$ 2.63	\$ 4.82	\$ 7.92	\$ 15.71	\$ 32.73
Number of units outstanding ⁽¹⁾	693,277	969,277	1,413,077	1,599,034	2,870,624
Management expense ratio ⁽²⁾	7.22%	4.19%	2.94%	2.17%	2.86%
Portfolio turnover rate ⁽³⁾	187.69%	193.53%	136.69%	136.49%	212.19%
Trading expense ratio ⁽⁴⁾	0.87%	0.56%	0.72%	0.49%	0.48%
Net Asset Value per unit ⁽⁵⁾	\$ 3.80	\$ 4.97	\$ 5.60	\$ 9.82	\$ 11.40
Closing market price	\$ 3.80	\$ 4.61	\$ 5.38	\$ 9.78	\$ 11.15

(1) This information is provided as at December 31.

(2) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax and withholding taxes but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2015 and 2014 includes the special resolution expense. The MER for 2015 and 2014 excluding the special resolution expense is 6.09% and 4.14% respectively. The MER for 2011 includes warrant offering costs and warrant exercise fees. The MER for 2011 excluding warrant offering costs and warrant exercise fees is 2.00%.

(3) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.

(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.

(5) Net asset value per unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities divided by the number of units then outstanding.

Management Fees

Strathbridge, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 0.70 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Strathbridge also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and as to the execution of all portfolio and other transactions.

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

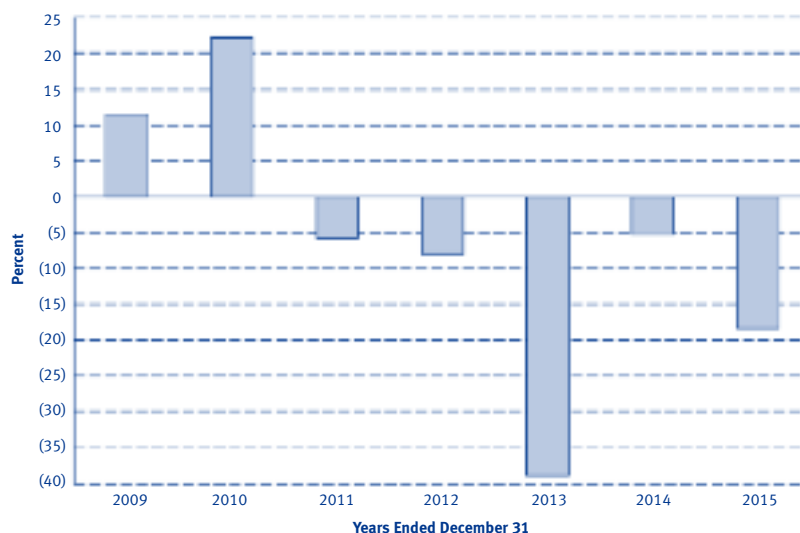
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions (including deemed distributions based on the intrinsic value of the warrants exercised prior to the expiry date of the warrants) made by the Fund during these periods were reinvested in units of the Fund,
- (2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund’s annual total return varied from year to year for each of the past seven years. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception on August 7, 2009 would have increased or decreased by the end of the fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund’s historical annual compound return (net of expenses) for the periods ended December 31, 2015 as compared to the performance of the S&P/TSX Global Gold Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Since Inception ⁽¹⁾
Gold Participation and Income Fund	(18.39)%	(22.12)%	(16.34)%	(8.71)%
S&P/TSX Global Gold Index ⁽²⁾	(10.14)%	(23.64)%	(19.97)%	(11.85)%

⁽¹⁾ From inception of the Fund on August 7, 2009.

⁽²⁾ S&P/TSX Global Gold Index is a dynamic international benchmark tracking the world’s leading gold companies.

The equity performance benchmark shown here provides an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out monthly distributions and maximize total returns for unitholders. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to enhance the income generated by the portfolio and reduce volatility.

The Manager believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written. However, in a rising market, the use of options may have the effect of limiting or reducing the total returns of the Fund since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the portfolio.

Portfolio Manager Report

Gold bullion prices started 2015 at US\$1,185 an ounce and raised quickly reaching a high of \$1,308 on January 22nd before declining in stages throughout the year to hit a low of US\$1,046 on December 3rd and moving marginally higher to close the year at US\$1,061. The initial bullishness at the beginning of the year was a result of the Swiss National Bank's surprise move to abandon the Swiss Franc's cap against the Euro peg (which was set at 1.20) sending investors rushing to gold as a safe haven from the gyrations in currencies.

The U.S. Federal Reserve finally raised the federal funds rate range between 0.25 and 0.50 percent in December. The U.S. dollar, however, had shown resilient strength long before the hike given that central banks around the world are either experimenting with quantitative easing or negative interest rate policy. Commodity currencies have been hardest hit relative to the U.S. dollar as seen by multi-year lows in several commodities ranging from Gold to Copper and Energy. Further concerns were raised as China began to devalue its currency in August 2015 which led the market to price in further deflation given the important role China plays in world trade.

Given Canada's exposure to commodities, it is no surprise that the Canadian stock market did poorly. The S&P/TSX Composite Index had a total return of negative 8.3 percent for 2015. The Energy and Materials sectors were the hardest hit with total returns of negative 22.9 percent and negative 21.0 percent respectively. The Gold sector, which the Fund primarily invests in, outperformed on a relative basis as the S&P/TSX Global Gold Index had a total return of negative 10.1 percent. The SPDR Gold Shares had a total return of negative 10.7 percent. The annual total return of the Fund, including reinvestment of distributions, was negative 18.4 percent. The underperformance in the Fund can mainly be attributed to holding cash in January when the S&P/TSX Gold Index had a return of 33.2 percent for the month. During the latter half of the year, returns were in line with benchmark indices.

Volatility for this sector is usually at elevated levels when compared to the rest of the market. On average the Fund was written on approximately 6 percent of the portfolio and closed the year with approximately 3 percent of the Fund being overwritten. The net realized gain on options attributable to Strathbridge Selective Overwriting ("SSO") strategy amounted to \$0.05 per unit as compared to a net realized gain on options of \$0.03 per unit a year ago. The Fund had a higher average cash position of 13.1 percent during the year and ended the year with 15.8 percent of the holdings in cash.

The net asset value of the Fund was \$3.80 per unit at December 31, 2015 compared to \$4.97 per unit at December 31, 2014. Cash distributions of \$0.30 per unit were paid during the year. The Fund's units, listed on the Toronto Stock Exchange as GPF.UN, closed on December 31, 2015 at \$3.80 per unit matching the net asset value.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.strathbridge.com.

Asset Mix

December 31, 2015

	% OF NET ASSET VALUE
United States	47.9 %
Canada	40.0 %
Cash	15.8 %
Other Assets (Liabilities)	(3.7)%
	100.0 %

Portfolio Holdings

December 31, 2015

	% OF NET ASSET VALUE
SPDR Gold Trust	38.6 %
Cash	15.8 %
Newmont Mining Corporation	9.3 %
Agnico-Eagle Mines Limited	8.4 %
Franco-Nevada Corporation	8.4 %
Barrick Gold Corporation	8.4 %
Kinross Gold Corporation	3.9 %
SEMAFO Inc.	3.8 %
Detour Gold Corporation	2.9 %
NovaGold Resources Inc.	2.6 %
OceanaGold Corporation	1.6 %

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund's views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Gold Participation and Income Fund (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 Advisors (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 Board 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 Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 7, 2016



John D. Germain
Director
Strathbridge Asset Management Inc.

To the Unitholders of Gold Participation and Income Fund

We have audited the accompanying financial statements of Gold Participation and Income Fund, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and statements of comprehensive income, statements of changes in equity 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 Gold Participation and Income Fund as at December 31, 2015 and December 31, 2014, and its financial performance, changes in its equity 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 blue ink.

Chartered Professional Accountants
Licensed Public Accountants
March 7, 2016
Toronto, Ontario

Statements of Financial Position

As at December 31

	Note	2015	2014
ASSETS			
Financial assets at fair value through profit or loss	3	\$ 2,313,164	\$ 4,352,358
Derivative assets	3,6	16,387	13,069
Dividends receivable		–	666
Cash		416,223	555,326
TOTAL ASSETS		2,745,774	4,921,419
LIABILITIES			
Accrued liabilities		78,584	54,773
Derivative liabilities	3,6	32,365	42,889
Accrued management fees	9	1,792	3,281
TOTAL LIABILITIES		112,741	100,943
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS		\$ 2,633,033	\$ 4,820,476
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT		\$ 3.7980	\$ 4.9733

On behalf of the Manager,
Strathbridge Asset Management Inc.



John P. Mulvihill, Director



John D. Germain, Director

Statements of Comprehensive Income

For the years ended December 31

	Note	2015	2014
INCOME			
Dividend income		\$ 14,056	\$ 33,640
Net realized loss on investments at fair value through profit or loss	7	(158,842)	(203,776)
Net realized gain on options at fair value through profit or loss	7	35,843	28,813
Net realized loss on forward exchange contracts at fair value through profit or loss	7	(398,705)	(312,968)
Net change in unrealized gain/loss on investments at fair value through profit or loss	7	387,052	739,172
TOTAL INCOME/(LOSS), NET		(120,596)	284,881
EXPENSES			
Management fees	9	25,889	46,739
Service fees		10,730	20,678
Administrative and other expenses		53,639	62,827
Transaction fees	10	28,945	33,726
Custodian fees		32,299	35,089
Audit fees		28,209	30,245
Advisory board fees	9	18,900	20,400
Independent review committee fees	9	7,818	6,900
Legal fees		3,266	2,389
Unitholder reporting costs		10,434	9,265
Harmonized sales tax		11,767	15,648
Withholding taxes	3	167	752
Subtotal Expenses		232,063	284,658
Special resolution expense	1	37,887	2,940
TOTAL EXPENSES		269,950	287,598
DECREASE IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	11	\$ (390,546)	\$ (2,717)
DECREASE IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT	11	\$ (0.5381)	\$ (0.0027)

Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

	Unit Capital	Deficit	Total
BALANCE AT JANUARY 1, 2014	\$ 17,604,705	\$ (9,684,564)	\$ 7,920,141
Decrease in Net Assets Attributable to Equity Holders	–	(2,717)	(2,717)
Distributions			
Non-taxable distributions	–	(381,291)	(381,291)
Value for units redeemed	(5,529,046)	2,813,389	(2,715,657)
BALANCE AT DECEMBER 31, 2014	\$ 12,075,659	\$ (7,255,183)	\$ 4,820,476
Decrease in Net Assets Attributable to Equity Holders	–	(390,546)	(390,546)
Distributions			
Non-taxable distributions	–	(213,375)	(213,375)
Value for units redeemed	(3,438,524)	1,855,002	(1,583,522)
BALANCE AT DECEMBER 31, 2015	\$ 8,637,135	\$ (6,004,102)	\$ 2,633,033

Statements of Cash Flows

For the years ended December 31

	2015	2014
CASH, BEGINNING OF YEAR	\$ 555,326	\$ 1,428,507
Cash Flows Provided by (Used In) Operating Activities		
Decrease in Net Assets Attributable to Equity Holders	(390,546)	(2,717)
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Net realized loss on investments at fair value through profit or loss	158,842	203,776
Net realized gain on options at fair value through profit or loss	(35,843)	(28,813)
Net realized loss on forward exchange contracts at fair value through profit or loss	398,705	312,968
Net change in unrealized gain/loss on foreign cash	(3,799)	3,992
Net change in unrealized gain/loss on investments at fair value through profit or loss	(387,052)	(739,172)
(Increase)/decrease in dividends receivable	666	(666)
Increase in accrued liabilities and accrued management fees	22,322	2,643
Purchase of investment securities	(5,587,291)	(10,883,776)
Proceeds from disposition of investment securities	7,481,790	13,355,532
	2,048,340	2,226,484
Cash Flows Used In Financing Activities		
Unitholder distributions	(213,375)	(381,291)
Unitholder redemptions	(1,583,522)	(2,715,657)
	(1,796,897)	(3,096,948)
Net Decrease in Cash during the Year	(139,103)	(873,181)
CASH, END OF YEAR	\$ 416,223	\$ 555,326
Dividends received, net of withholding taxes	\$ 14,555	\$ 32,222

Schedule of Investments

As at December 31, 2015

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	Fair Value	% of Net Assets Attributable to Equity Holders
INVESTMENTS				
Canadian Common Shares				
Materials				
Agnico-Eagle Mines Limited	6,100	\$ 218,170	\$ 221,857	
Barrick Gold Corporation	21,500	220,826	220,160	
Detour Gold Corporation	5,300	78,326	76,373	
Franco-Nevada Corporation	3,500	190,579	221,550	
Kinross Gold Corporation	40,700	113,635	102,157	
NovaGold Resources Inc.	11,900	58,561	69,139	
OceanaGold Corporation	15,600	40,488	41,184	
SEMAFO Inc.	28,800	96,866	101,088	
Total Materials		1,017,451	1,053,508	40.0 %
Total Canadian Common Shares		\$ 1,017,451	\$ 1,053,508	40.0 %
Exchange-Traded Funds				
SPDR Gold Trust	7,200	\$ 994,601	\$ 1,014,755	
Total Exchange-Traded Funds		\$ 994,601	\$ 1,014,755	38.5 %
United States Common Shares				
Materials				
Newmont Mining Corporation	9,800	\$ 241,925	\$ 244,901	9.3 %
Total United States Common Shares		\$ 241,925	\$ 244,901	9.3 %
Forward Exchange Contracts				
Bought USD \$215,000, Sold CAD \$282,256 @ 0.76172 - January 13, 2016			\$ 16,387	
Sold USD \$265,000, Bought CAD \$344,242 @ 0.76981 - January 13, 2016			(23,852)	
Sold USD \$455,000, Bought CAD \$626,460 @ 0.72630 - February 17, 2016			(5,503)	
Total Forward Exchange Contracts			\$ (12,968)	(0.5)%
Options				
Written Covered Call Options (100 shares per contract)				
Agnico-Eagle Mines Limited - January 2016 @ \$36	(20)	\$ (4,070)	\$ (3,010)	
Total Options		\$ (4,070)	\$ (3,010)	(0.1)%
Adjustment for transaction fees		(2,223)		
TOTAL INVESTMENTS		\$ 2,247,684	\$ 2,297,186	87.2 %
OTHER NET ASSETS			335,847	12.8 %
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS			\$ 2,633,033	100.0 %

1. Fund Information

Gold Participation and Income Fund (the “Fund”) is a closed-end investment trust established under the laws of the Province of Ontario on July 27, 2009. The Fund began operations on August 7, 2009. 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.

On January 2, 2015, the Manager announced unitholder approval of a proposal to change the investment restrictions and the investment strategy of the Fund. During 2015, additional costs of \$2,887 (2014 - \$2,940) were incurred in relation to this special resolution.

In accordance with the new investment mandate, the Fund primarily invests in Gold Shares of SPDR Gold Trust (provided that after such purchase no more than an aggregate of 50 percent of the net asset value of the Fund is invested in securities of such issuer) and equity securities selected from the S&P/TSX Global Gold Index (provided that after such purchase, no more than an aggregate of 75 percent of the net asset value of the Fund is invested in such securities). The Fund may also invest in public investment funds including exchange-traded funds and 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. The Fund may, from time to time, selectively write covered call options in respect of up to a maximum of 25 percent of the securities in the portfolio. 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.

On December 8, 2015, the Manager announced a Special Meeting of unitholders to be held on January 19, 2016. The purpose of the meeting is to consider and vote upon a new proposal to change the investment objective and investment strategy of the Fund and to convert the Fund into an open-end mutual fund. Under this proposal, the Fund will invest in a diversified basket of exchange-traded funds that provide direct or indirect exposure to U.S. equity and fixed income markets. Estimated costs of \$35,000 were accrued in relation to this special resolution.

These financial statements were approved by the Board of Advisors on March 7, 2016.

2. Basis of Presentation

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

The Fund has adopted IFRS accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian 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 units 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Under 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. 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 net 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 are purchased in an active market with original maturities of less than 90 days.

Units

IAS 32, Financial Instruments: Presentation, requires that if all the criteria under paragraph 16A are met, the units (which are puttable instruments) should be classified as equity or if they do not meet all the conditions, they should be classified as financial liabilities. The Fund's units meet all the criteria outlined in IAS 32 paragraph 16A for classification as equity and therefore have been classified as equity on transition to IFRS.

Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

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

Taxation

The Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Fund is subject to tax in each taxation year

under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Fund on any net realized capital gains not paid or payable to unitholders is recoverable by the Fund to the extent and in the circumstances provided in the Act.

Given the investment and distribution policies of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax.

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.

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, Financial Instruments: Recognition and Measurement. 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 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 noncompliance. The Fund's objectives,

policies and processes are described in Note 1, information on the Fund's units 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 it 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 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, 2015 and 2014, 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. Unitholders must surrender units at least 10 business days prior to the last day of the month and receive payment on or before 15 calendar days following the month end valuation date. Therefore the Fund has a maximum of 21 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, 2015			Total
	Financial Liabilities			
	On Demand	< 3 months		
Accrued liabilities	\$ -	\$ 78,584	\$ -	\$ 78,584
Derivative liabilities	-	32,365	-	32,365
Accrued management fees	-	1,792	-	1,792
	\$ -	\$ 112,741	\$ -	\$ 112,741

	As at December 31, 2014			Total
	Financial Liabilities			
	On Demand	< 3 months		
Accrued liabilities	\$ -	\$ 54,773	\$ -	\$ 54,773
Derivative liabilities	-	42,889	-	42,889
Accrued management fees	-	3,281	-	3,281
	\$ -	\$ 100,943	\$ -	\$ 100,943

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 equity holders 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 to actively hedge 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, 2015 and 2014 in Canadian dollar terms, and the notional amounts of foreign exchange forward contracts. The table also illustrates the potential impact on the net assets attributable to equity holders 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, 2015					
	U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (555,240)	\$ 1,259,656	\$ 704,416	\$ (27,762)	\$ 62,983	\$ 35,221
% of Net Assets Attributable to Equity Holders	(21)%	48%	27%	(1)%	2%	1%

	As at December 31, 2014					
	U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (3,017,630)	\$ 3,048,738	\$ 31,108	\$ (150,882)	\$ 152,437	\$ 1,555
% of Net Assets Attributable to Equity Holders	(63)%	63%	0%	(3)%	3%	0%

(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 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 gold mining 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 88 percent (2014 - 90 percent) of the Fund's net assets attributable to equity holders held at December 31, 2015 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2015, the net assets attributable to equity holders would have increased or decreased by \$0.1 million (2014 - \$0.2 million) respectively or 4.4 percent (2014 - 4.5 percent) of the net assets attributable to equity holders with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

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, 2015	Dec. 31, 2014
United States	54.5%	65.2%
Canada	45.5%	30.0%
International	-	4.8%
	100.0%	100.0%

Capital Risk Management

Unitholders whose units are redeemed on a January Redemption Date will be entitled to receive a redemption price per unit equal to the net asset value per unit determined as of such date.

For unitholders whose units are redeemed on any other Redemption Date, the redemption price per unit will be equal to the lesser of: (i) 95 percent of the Market Price and; (ii) 100 percent of the Closing Market Price of the units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including, but not limited to, costs incurred in liquidating securities held in the Fund's portfolio. For such purposes, "Market Price" means the weighted average trading price of the units on the stock exchange on which the units are listed for the ten trading days immediately preceding the applicable Redemption Date, and the "Closing Market Price" means the closing price of the units on the stock exchange on which the units are listed or, if there was no trade on the relevant date, the average of the last bid and the last asking prices of the units on the stock exchange on which the units are listed.

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, 2015 and 2014.

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 1,053,508	\$ -	\$ -	\$ 1,053,508
Exchange-Traded Funds	1,014,755	-	-	1,014,755
United States Common Shares	244,901	-	-	244,901
Forward Exchange Contracts	-	(12,968)	-	(12,968)
Options	(3,010)	-	-	(3,010)
	\$ 2,310,154	\$ (12,968)	\$ -	\$ 2,297,186

	As at December 31, 2014			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 1,304,952	\$ -	\$ -	\$ 1,304,952
Exchange-Traded Funds	2,486,376	-	-	2,486,376
Non-North American Common Shares	210,810	-	-	210,810
United States Common Shares	350,220	-	-	350,220
Forward Exchange Contracts	-	(36,544)	-	(36,544)
Options	1,332	5,392	-	6,724
	\$ 4,353,690	\$ (31,152)	\$ -	\$ 4,322,538

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, and the Fund's obligation for net assets attributable to equity holders 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 generally 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 2015 and 2014.

7. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2015 and 2014.

	As at December 31, 2015		Financial Instruments at Amortized Cost	Total
	Financial Instruments at FVTPL Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 2,313,164	\$ -	\$ -	\$ 2,313,164
Derivative assets	-	16,387	-	16,387
Cash	-	-	416,223	416,223
	\$ 2,313,164	\$ 16,387	\$ 416,223	\$ 2,745,774
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 78,584	\$ 78,584
Derivative liabilities	-	32,365	-	32,365
Accrued management fees	-	-	1,792	1,792
	\$ -	\$ 32,365	\$ 80,376	\$ 112,741

	As at December 31, 2014		Financial Instruments at Amortized Cost	Total
	Financial Instruments at FVTPL Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 4,352,358	\$ -	\$ -	\$ 4,352,358
Derivative assets	-	13,069	-	13,069
Cash	-	-	555,326	555,326
Dividends receivable	-	-	666	666
	\$ 4,352,358	\$ 13,069	\$ 555,992	\$ 4,921,419
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 58,054	\$ 58,054
Derivative liabilities	-	42,889	-	42,889
	\$ -	\$ 42,889	\$ 58,054	\$ 100,943

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the years ended December 31, 2015 and 2014.

	Dec. 31, 2015	Dec. 31, 2014
Net Realized Loss on		
Financial Instruments at FVTPL		
Designated at Inception	\$ (158,842)	\$ (203,776)
Held for Trading	(362,862)	(284,155)
	(521,704)	(487,931)
Net Change in Unrealized Gain/Loss		
on Financial Instruments at FVTPL		
Designated at Inception	355,008	728,597
Held for Trading	32,044	10,575
	387,052	739,172
Net Gain/(Loss) on Financial Instruments at FVTPL	\$ (134,652)	\$ 251,241

8. Units

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund.

The Fund endeavours to make monthly cash distributions of net income and net realized capital gains to unitholders on the last day of each month at an amount targeted to be 6.5 percent per annum of the net asset value of the Fund.

For the year ended December 31, 2015, cash distributions paid to unitholders were \$213,375 (2014 - \$381,291) representing a payment of \$0.30 (2014 - \$0.38) per unit.

During the year ended December 31, 2015, 276,000 (2014 - 443,800) units were redeemed with a total retraction value of \$1,583,522 (2014 - \$2,715,657).

During the years ended December 31, 2015 and 2014, unit transactions are as follows:

	Dec. 31, 2015	Dec. 31, 2014
Units outstanding, beginning of year	969,277	1,413,077
Units redeemed	(276,000)	(443,800)
Units outstanding, end of year	693,277	969,277

On April 29, 2013, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 134,627 units representing approximately 10 percent of the Fund's public float as at April 25, 2013. The normal course issuer bid remained in effect until April 30, 2014 and at such time nil units had been purchased by the Fund.

On October 17, 2014, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 92,527 units representing approximately 10 percent of the Fund's public float as of September 30, 2014. The normal course issuer bid remained in effect until October 21, 2015 and at such time nil units had been purchased by the Fund.

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 Trust 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, 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, 2015 were \$25,889 (2014 - \$46,739).

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the year ended December 31, 2015 were \$18,900 (2014 - \$20,400).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2015 were \$7,818 (2014 - \$6,900).

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, 2015 and 2014 is disclosed below:

	Dec. 31, 2015	Dec. 31, 2014
Soft Dollars	\$ 12,610	\$ 13,425
Percentage of Total Transaction Fees	43.6%	39.8%

11. Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

The Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit for the years ended December 31, 2015 and 2014 is calculated as follows:

	Dec. 31, 2015	Dec. 31, 2014
Decrease in Net Assets Attributable to Equity Holders	\$ (390,546)	\$ (2,717)
Weighted Average Number of Units Outstanding during the Year	725,792	1,022,776
Decrease in Net Assets Attributable to Equity Holders per Unit	\$ (0.5381)	\$ (0.0027)

12. Income Taxes

No amount is payable on account of income taxes in 2015 or 2014.

Accumulated non-capital losses of approximately \$2.0 million (2014 - \$1.6 million) and accumulated capital losses of approximately \$8.8 million (2014 - \$7.4 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	\$1.0
2034	0.6
2035	0.4
Total	\$2.0

Issue costs of nil (2014 - \$0.03 million) remain undeducted for tax purposes as at year-end.

13. Future Accounting Policy Changes

IFRS 9: Financial Instruments ("IFRS 9"), which will to replace IAS 39: Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9. Based on the Manager's current understanding and analysis of IFRS 9, the transition to IFRS 9 will change the manner in which investments are disclosed with no impact to value.

In December 2014, Disclosure Initiative was issued, which amends IAS 1. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016. The Fund will amend disclosures, if required, in the financial statements for the semi-annual period ended June 30, 2016 and for the year ended December 31, 2016.

14. Subsequent Event

On December 8, 2015, the Manager announced a special meeting of unitholders to be held on January 19, 2016 with the purpose to consider and vote upon an extraordinary resolution to change the Fund's investment objectives and investment strategies and to convert the Fund from a closed-end fund into an open-ended mutual fund. On January 19, 2016, the Manager announced that the proposal was approved.

Gold Participation and Income Fund [GPF.UN]

Board of Advisors

John P. Mulvihill

Chairman & CEO
Strathbridge Asset Management Inc.

John D. Germain

Senior Vice-President & Chief Financial Officer
Strathbridge Asset Management Inc.

Michael M. Koerner¹

Corporate Director

Robert W. Korthals¹

Corporate Director

Robert G. Bertram¹

Corporate Director

¹Independent Review Committee Member

Information

Independent Auditor:

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 200
Toronto, Ontario
M5H 0A9

Transfer Agent:

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Units Listed:

Toronto Stock Exchange
trading under
GPF.UN

Custodian:

RBC Investor Services Trust
RBC Centre
155 Wellington Street West, 2nd Floor
Toronto, Ontario
M5V 3L3

Visit our website at www.strathbridge.com for additional information on all Strathbridge Investment Funds.

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
NDX Growth & Income Fund (NGI.UN)
Top 10 Canadian Financial Trust (TCT.UN)
U.S. Financials Income Fund (USF.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)
S Split Corp. (SBN.PR.A/SBN)
Top 10 Split Trust (TXT.PR.A/TXT.UN)
World Financial Split Corp. (WFS.PR.A/WFS)

MUTUAL FUND

U.S. Tactical Allocation Fund

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