



SEMI-ANNUAL  
REPORT

2016

U.S. TACTICAL ALLOCATION FUND

  
strathbridge  
ASSET MANAGEMENT

## U.S. Tactical Allocation Fund

### Letter to Unitholders

We are pleased to present the 2016 semi-annual report containing the management report of fund performance and the unaudited statements for U.S. Tactical Allocation Fund, formerly Gold Participation and Income Fund (the "Fund").

Stock market performance in the first half of 2016 can be characterized by significant weakness to start off the year due to stagnant economic growth and increasingly ineffective monetary policy which led to a lack of investor confidence. However, after most stock markets hit new lows in early February, they staged a meaningful recovery which continued through the second quarter of 2016. Oil prices which declined over 30 percent to a low of US\$26.21 on February 11, 2016 have maintained a steady uptrend since, topping US\$50 per barrel by mid-June and brought much of the energy complex along with it. Soft commodities were also generally higher during the first six months of 2016. The main commodity story, however, was gold. It is the best performing asset class so far in 2016, up over 24 percent. One might expect to see elevated volatility as investors often flock to gold in times of crisis; however, this was not the case. Interest rates remain low and have even gone into negative levels in some regions, notably Europe and Japan. Surprisingly, stock markets have been calm allowing the VIX ("CBOE Volatility Index") to drift lower through much of the period. The first half of 2016 was punctuated with "Brexit". The word was coined to describe Great Britain's exit from the European Union ("EU"). A referendum was held on June 23 and the people voted 52-48 percent to leave the EU in a surprise upset. The news roiled global markets immediately following the event but North American markets have since fully recovered. The longer term impacts on the region and the world are not yet known.

On January 19, 2016, Strathbridge Asset Management Inc. announced that unitholders had approved a proposal to change the investment objectives, investment strategy and investment restrictions of the Fund and to convert the Fund from a closed-end fund into an open-end mutual fund (the "Conversion"). The Fund adopted its new investment mandate and changed its name to U.S. Tactical Allocation Fund effective February 1, 2016. The Conversion was completed on April 20, 2016 when the Fund filed and received a receipt for its final simplified prospectus and annual information form on such date. Please refer to the Recent Developments section for details of the proposal.

During the six months ended June 30, 2016, the Fund paid cash distributions of \$0.02 per Class A unit. At June 30, 2016, the net asset value was \$9.79 per Class A unit. The total return of the Fund's Class A unit, including reinvestment of distributions, was negative 3.1 percent for the period. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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



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

## **U.S. Tactical Allocation Fund**

### **The Fund**

The Fund seeks to provide stable long term returns in both positive and negative markets with a focus on capital preservation by tactically allocating its assets among a diversified basket of exchange-traded funds ("ETFs") which provide direct or indirect exposure to U.S. equity and fixed income markets.

In order to achieve its investment objectives, the Fund utilizes a proprietary tactical asset allocation methodology to identify those sectors in the U.S. market that offer the most attractive investment opportunities. The Fund generally invests in equity based ETFs, the securities of which trade on a recognized North American stock exchange and qualify as Index Participation Units under National Instrument 81-102 - Investment Funds. However, during periods of increased risk, the Fund may allocate a greater portion, and potentially up to 100 percent of the assets to fixed income ETFs, or cash in order to preserve capital.

**Management Report of Fund Performance**

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2016 of U.S. Tactical Allocation Fund, formerly Gold Participation and Income Fund (the "Fund"). The unaudited semi-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](mailto:info@strathbridge.com) or by visiting our website at [www.strathbridge.com](http://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 seeks to provide stable long term returns in both positive and negative markets with a focus on capital preservation by tactically allocating its assets among a diversified basket of exchange-traded funds ("ETFs") which provide direct or indirect exposure to U.S. equity and fixed income markets.

In order to achieve its investment objectives the Fund utilizes a proprietary tactical asset allocation methodology to identify those sectors in the U.S. market that offer the most attractive investment opportunities. The Fund generally invests in equity based ETFs, the securities of which trade on a recognized North American stock exchange and qualify as Index Participation Units under National Instrument 81-102 - Investment Funds. However, during periods of increased risk, the Fund may allocate a greater portion, and potentially up to 100 percent of the assets to fixed income ETFs, or cash in order to preserve capital.

The Fund may use derivatives and engage in short selling in accordance with Canadian securities legislation in order to achieve its investment objectives. Derivatives such as options, forward contracts, swaps and other derivative instruments may be utilized to hedge against declines in security prices, as a hedge against exchange rate fluctuations, or to gain exposure to ETFs without buying the actual securities.

The Fund may also enter into securities lending transactions which may be used in conjunction with other investment strategies to enhance the total returns of the Fund.

**Results of Operations****Distributions**

During the six months ended June 30, 2016, the Fund paid cash distribution of \$0.02 per unit (or \$0.06 per unit on a post-consolidation basis) to Class A unitholders of record on January 15, 2016. As the Fund adopted its new investment mandate on February 1, 2016, no further distributions were made to unitholders following the regular monthly distribution in January.

**Revenue and Expenses**

For the six months ended June 30, 2016, the Fund's total revenue was \$0.08 per Class A unit and total expenses were \$0.48 per Class A unit. The Fund had a net realized and unrealized gain of \$0.17 per Class A unit during the period.

**Net Asset Value**

The net asset value per Class A unit of the Fund decreased from \$10.15 (adjusted for the consolidation of Class A units) at December 31, 2015 to \$9.79 at June 30, 2016. The net asset value per Class F unit of the Fund decreased from \$10.00 at inception on April 21, 2016 to \$9.81 at June 30, 2016. The total net asset value of the Fund decreased \$1.60 million from \$2.63 million at December 31, 2015 to \$1.03 million at June 30, 2016, primarily reflecting the Class A unit redemptions of \$1.55 million during the period.

**Recent Developments**

On January 19, 2016, Strathbridge Asset Management Inc. announced that unitholders had approved a proposal to change the investment objectives, investment strategy and investment restrictions of the Fund and to convert the Fund from a closed-end fund into an open-end mutual fund (the "Conversion"). Under the new investment objective, the Fund generally invests in a diversified basket of ETFs that provide direct or indirect exposure to U.S. equity and fixed income markets.

The Fund adopted its new investment mandate and changed its name to U.S. Tactical Allocation Fund effective February 1, 2016. Also, as part of the Conversion, the Class A units were delisted from the Toronto Stock Exchange at the close of business on March 24, 2016.

The Conversion was completed on April 20, 2016 when the Fund filed and received a receipt for its final simplified prospectus and annual information form on such date. Upon conversion to an open-end mutual fund, the Fund consolidated its Class A units on a 0.374038 to 1 basis, resulting in an initial net asset value ("NAV") of \$10.00 per Class A unit. The Fund also offered Class F units at an initial NAV of \$10.00 per Class F unit.

**Related Party Transactions**

Strathbridge Asset Management Inc. ("Strathbridge"), as the Manager of the Fund, manages the Fund's day-to-day business and operations and provides all general management and administrative services of the Fund pursuant to the Trust Agreement made between the Fund and Strathbridge dated July 27, 2009 and amended as of February 1, 2016. This includes, but is not limited to, negotiating contractual agreements with and overseeing service providers, preparing reports to unitholders and securities regulatory authorities, arranging for distribution and appointment of distributors for the Fund, paying trailing commissions and conducting other marketing activities.

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

During the period, 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.

Information for the period ended June 30, 2016 is derived from the Fund's unaudited semi-annual financial statements. The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

As a result of the adoption of International Financial Reporting Standards ("IFRS") for June 30, 2016, 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 the investments being valued at bid prices for financial statement purposes and at closing prices for weekly net asset value purposes.

|  | Six months ended<br>June 30, 2016 <sup>(4)</sup> |                | Years Ended December 31, |         |         |         |         |
|--|--|----------------|--------------------------|---------|---------|---------|---------|
|  |  |                | 2015                     | 2014    | 2013    | 2012    | 2011    |
|  | CLASS A  | CLASS F        | CLASS A                  | CLASS A | CLASS A | CLASS A | CLASS A |
| <b>NET ASSETS PER UNIT</b>                                     |  |                |                          |         |         |         |         |
| <b>Net Assets, beginning of period<sup>(1)</sup></b>           | <b>\$10.15<sup>(4)</sup></b>                     | <b>\$10.00</b> | \$4.97                   | \$5.60  | \$9.82  | \$11.40 | \$13.56 |
| <b>INCREASE (DECREASE) FROM OPERATIONS</b>                     |  |                |                          |         |         |         |         |
| Total revenue  | 0.08   | 0.09           | 0.02                     | 0.03    | 0.05    | 0.05    | 0.04    |
| Total expenses   | (0.48)   | (0.49)         | (0.37)                   | (0.28)  | (0.27)  | (0.29)  | (0.38)  |
| Realized gain (loss) for the period                            | 0.45   | 0.51           | (0.72)                   | (0.48)  | (2.47)  | 0.02    | (0.53)  |
| Unrealized gain (loss) for the period                          | (0.28)   | (0.32)         | 0.53                     | 0.72    | (1.03)  | 0.03    | (1.52)  |
| <b>Total Increase (Decrease) from Operations<sup>(2)</sup></b> | <b>(0.23)</b>                                    | <b>(0.21)</b>  | (0.54)                   | (0.01)  | (3.72)  | (0.19)  | (2.39)  |
| <b>DISTRIBUTIONS</b>   |  |                |                          |         |         |         |         |
| From net investment income                                     | -  | -              | -                        | -       | -       | (0.67)  | (0.18)  |
| Non-taxable distributions                                      | (0.06) <sup>(4)</sup>                            | -              | (0.30)                   | (0.38)  | (0.49)  | (0.04)  | (0.67)  |
| <b>Total Distributions<sup>(3)</sup></b>                       | <b>(0.06)</b>                                    | -              | (0.30)                   | (0.38)  | (0.49)  | (0.71)  | (0.85)  |
| <b>Net Assets, end of period<sup>(1)</sup></b>                 | <b>\$9.77</b>                                    | <b>\$9.81</b>  | \$3.80                   | \$4.97  | \$5.60  | \$9.80  | \$11.40 |

(1) All per unit figures presented in 2016, 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS which are derived from the Fund's unaudited financial statements for the six months ended June 30, 2016 and the annual 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 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.

(4) Opening net assets per Class A unit and distributions per Class A unit were adjusted for the consolidation ratio of 0.374038 to 1.

|  | Six months ended<br>June 30, 2016 <sup>(6)</sup> |                       | Years Ended December 31, |         |           |           |           |
|--|--|-----------------------|--------------------------|---------|-----------|-----------|-----------|
|  |  |                       | 2015                     | 2014    | 2013      | 2012      | 2011      |
|  | CLASS A  | CLASS F               | CLASS A                  | CLASS A | CLASS A   | CLASS A   | CLASS A   |
| <b>RATIOS/SUPPLEMENTAL DATA</b>                        |  |                       |                          |         |           |           |           |
| Net Asset Value (\$ millions)                          | \$ 1.03  | \$ -                  | \$2.63                   | \$4.82  | \$7.92    | \$15.71   | \$32.73   |
| Number of units outstanding                            | 105,110  | 1                     | 693,277                  | 969,277 | 1,413,077 | 1,599,034 | 2,870,624 |
| Management expense ratio <sup>(1)</sup>                | 8.44% <sup>(4)</sup>                             | 9.51% <sup>(4)</sup>  | 7.22%                    | 4.19%   | 2.94%     | 2.17%     | 2.86%     |
| Management expense ratio before waivers or absorptions | 9.53% <sup>(4)</sup>                             | 10.42% <sup>(4)</sup> | 7.22%                    | 4.19%   | 2.94%     | 2.17%     | 2.86%     |
| Portfolio turnover rate <sup>(2)</sup>                 | 262.28   | n/a                   | 187.69%                  | 193.53% | 136.69%   | 136.49%   | 212.19%   |
| Trading expense ratio <sup>(3)</sup>                   | 0.39% <sup>(4)</sup>                             | 0.47% <sup>(4)</sup>  | 0.87%                    | 0.56%   | 0.72%     | 0.49%     | 0.48%     |
| Net Asset Value per unit <sup>(5)(6)</sup>             | \$9.79   | \$9.81                | \$3.80                   | \$4.97  | \$5.60    | \$9.82    | \$11.40   |
| Closing market price                                   | n/a  | n/a                   | \$3.80                   | \$4.61  | \$5.38    | \$9.78    | \$11.15   |

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales taxes and withholding taxes but excluding transaction fees, divided by the average net asset value. It excludes any operating expenses waived or absorbed by the Manager. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MERs for 2016 excluding the withholding taxes are 8.21% for Class A units and 9.23% for Class U units. The MERs for 2015 and 2014 include the special resolution expense. The MERs for 2015 and 2014 excluding the special resolution expense are 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%.

(2) 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.

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

(4) Annualized.

(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.

(6) As at April 21, 2016, the Fund consolidated its Class A units on a 0.374038 to 1 basis, resulting in an initial net assets of \$10.00 per Class A unit.

## Management Fees

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust Agreement calculated and accrued daily and paid monthly, plus applicable HST with respect to each class of units for providing general management services. The maximum annual rate of the management fees is 2.00 percent for the Class A units and 1.00 percent for the Class F units.

Reductions in management fees for the Fund can be negotiated between Strathbridge and certain investors in the Fund. The reductions are generally paid at the same time the income distributions are made by the Fund and are settled through distributions of units of the Fund ("management fee distributions") by way of automatic reinvestment in additional units of the Fund. The management fee distributions are intended to attract large investments that might not otherwise be invested in the Fund.

## Past Performance

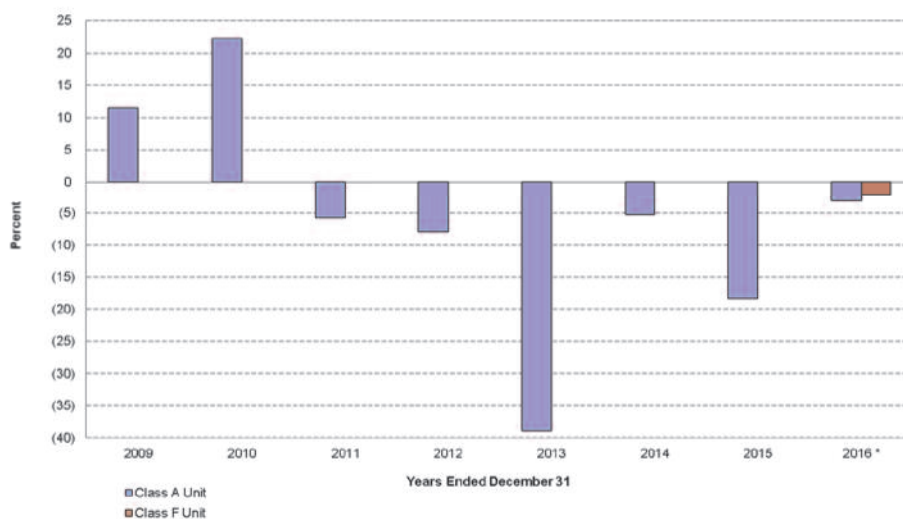
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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 total return varied from year to year for each of the past seven years and for the six months ended June 30, 2016. The chart also shows, in percentage terms, how much an investment made on January 1 or on August 7, 2009 would have increased or decreased by the end of the fiscal year or June 30, 2016 for the six months ended.

## Annual Total Return



\* For the Class F unit, the total return shown was from April 21, 2016 to June 30, 2016.



## Portfolio Manager Report

Stock market performance in the first half of 2016 can be characterized by significant weakness to start off the year due to stagnant economic growth and increasingly ineffective monetary policy which led to a lack of investor confidence. However, after most stock markets hit new lows in early February, they staged a meaningful recovery which continued through the second quarter of 2016. Oil prices which declined over 30 percent to a low of US\$26.21 on February 11, 2016 have maintained a steady uptrend since, topping US\$50 per barrel by mid-June and brought much of the energy complex along with it. Soft commodities were also generally higher during the first six months of 2016. The main commodity story, however, was gold. It is the best performing asset class so far in 2016, up over 24 percent. One might expect to see elevated volatility as investors often flock to gold in times of crisis; however, this was not the case. Interest rates remain low and have even gone into negative levels in some regions, notably Europe and Japan. Surprisingly, stock markets have been calm allowing the VIX ("CBOE Volatility Index") to drift lower through much of the period. The first half of 2016 was punctuated with "Brexit". The word was coined to describe Great Britain's exit from the European Union ("EU"). A referendum was held on June 23 and the people voted 52-48 percent to leave the EU in a surprise upset. The news roiled global markets immediately following the event but North American markets have since fully recovered. The longer term impacts on the region and the world are not yet known.

On February 1, 2016, the Gold Participation and Income Fund changed its name to the U.S. Tactical Allocation Fund and adopted its new investment objective to provide stable long term returns over the course of a full market cycle with a focus on capital preservation. To this end, the Fund invests in a diversified basket of exchange traded funds ("ETFs") that provide direct or indirect exposure to U.S. equity and fixed income markets. Strathbridge Asset Management Inc. ("Strathbridge"), the Manager of the Fund, believes that the change to the investment objectives and investment strategy of the Fund will enhance returns and lower volatility going forward. On April 20, 2016, the Fund successfully converted from a closed-end fund into an open-end mutual fund. Upon Conversion, the Fund consolidated its Class A units on a 0.374038 to 1 basis, resulting in an initial net asset value of \$10.00 per Class A unit.

For the period ended June 30, 2016, the net asset value per Class A unit of the U.S. Tactical Allocation Fund was \$9.79 compared to \$10.27 per unit (adjusted for the Class A unit consolidation on April 21, 2016) on February 1, 2016. The total return of the Fund, since the inception date on February 1, 2016 to June 30, 2016, was negative 4.6 percent per Class A unit. The total return for the S&P 500 Index in Canadian dollar terms was 1.0 percent over the same period, while the total return for the Barclays U.S. Aggregate Bond Index in Canadian dollars was negative 3.9 percent. The best performing sector ETF during the period was the Materials Select Sector SPDR Trust which rose 11.5 percent while the Consumer Discretionary Select SPDR Trust lagged the group, down 1.8 percent.

The U.S. dollar exposure of the Fund was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar hedged.

## 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](http://www.strathbridge.com).

### Asset Mix

June 30, 2016

|                            | <b>% OF<br/>NET ASSET VALUE</b> |
|----------------------------|---------------------------------|
| Exchange-Traded Funds      | 99.7 %                          |
| Cash                       | 5.1 %                           |
| Other Assets (Liabilities) | (4.8)%                          |
|                            | 100.0 %                         |

**Portfolio Holdings**

June 30, 2016

|                                     | <b>% OF<br/>NET ASSET VALUE</b> |
|-------------------------------------|---------------------------------|
| Energy Select Sector SPDR Fund      | 20.7%                           |
| Health Care Select Sector SPDR Fund | 20.0%                           |
| Materials Select Sector SPDR Fund   | 19.9%                           |
| Technology Select Sector SPDR Fund  | 19.7%                           |
| Financial Select Sector SPDR Fund   | 19.4%                           |
| Cash                                | 5.1%                            |

**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.

## U.S. Tactical Allocation Fund

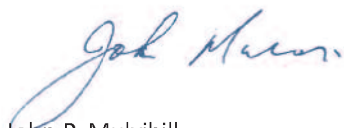
### Management's Responsibility for Financial Reporting

The accompanying condensed financial statements of U.S. Tactical Allocation Fund (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager"), and have been authorized for issue by the Manager.

The condensed 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 report is consistent with the condensed financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2015.

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 Manager 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 Manager.



John P. Mulvihill  
Director  
Strathbridge Asset Management Inc.



John D. Germain  
Director  
Strathbridge Asset Management Inc.

August 17, 2016

## **U.S. Tactical Allocation Fund**

### **Notice to Unitholders**

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2016 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

# U.S. Tactical Allocation Fund

## Condensed Financial Statements

### Statements of Financial Position

As at June 30, 2016 (Unaudited) and December 31, 2015 (Audited)

|   | Note | June 30,<br>2016    | Dec. 31,<br>2015    |
|---|------|---------------------|---------------------|
| <b>ASSETS</b>   |      |                     |                     |
| Financial assets at fair value through profit or loss               | 3    | \$ 1,023,601        | \$ 2,313,164        |
| Derivative assets   | 3    | 4,430               | 16,387              |
| Cash  |      | 52,872              | 416,223             |
| <b>TOTAL ASSETS</b>   |      | <b>1,080,903</b>    | <b>2,745,774</b>    |
| <b>LIABILITIES</b>  |      |                     |                     |
| Accrued liabilities   |      | 38,473              | 78,584              |
| Redemptions payable   |      | 8,691               | -                   |
| Derivative liabilities  | 3    | 6,476               | 32,365              |
| Accrued management fees   | 6    | -                   | 1,792               |
| <b>TOTAL LIABILITIES</b>  |      | <b>53,640</b>       | <b>112,741</b>      |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A AND F UNITS</b>    |      | <b>\$ 1,027,263</b> | <b>\$ 2,633,033</b> |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER CLASS A UNIT</b> | 1    | <b>\$ 9.7731</b>    | <b>\$ 3.7980</b>    |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER CLASS F UNIT</b> | 1    | <b>\$ 9.8100</b>    | <b>n/a</b>          |

The notes are an integral part of the Condensed Financial Statements.

**U.S. Tactical Allocation Fund**

## Condensed Financial Statements

**Statements of Comprehensive Income**

For the six months ended June 30 (Unaudited)

|   | Note | 2016               | 2015               |
|---|------|--------------------|--------------------|
| <b>INCOME</b>   |      |                    |                    |
| Dividend income   |      | \$ 13,879          | \$ 9,625           |
| Net realized gain/(loss) on investments at fair value through profit or loss                | 4    | (17,165)           | 51,000             |
| Net realized gain/(loss) on options at fair value through profit or loss                    | 4    | (3,934)            | 5,288              |
| Net realized gain/(loss) on forward exchange contracts at fair value through profit or loss | 4    | 99,678             | (282,891)          |
| Net change in unrealized gain/loss on investments at fair value through profit or loss      | 4    | (49,308)           | 342,879            |
| <b>TOTAL INCOME</b>   |      | <b>43,150</b>      | <b>125,901</b>     |
| <b>EXPENSES</b>   |      |                    |                    |
| Management fees   | 6    | 4,797              | 14,691             |
| Service fees  |      | 6,794              | 5,883              |
| Administrative and other expenses   |      | 25,573             | 43,212             |
| Transaction fees  | 7    | 3,576              | 17,693             |
| Custodian fees  |      | 16,832             | 17,801             |
| Audit fees  |      | 15,119             | 15,036             |
| Advisory board fees   | 6    | -                  | 9,600              |
| Independent review committee fees   | 6    | 3,410              | 3,509              |
| Legal fees  |      | 91                 | 3,005              |
| Unitholder reporting costs  |      | 5,360              | 6,750              |
| Harmonized sales tax  |      | 7,923              | 8,376              |
| Withholding taxes   |      | 2,082              | 116                |
| Total expenses  |      | 91,557             | 145,672            |
| Less: Expenses waived or absorbed by the Manager  | 6    | (10,074)           | -                  |
| <b>NET EXPENSES</b>   |      | <b>81,483</b>      | <b>145,672</b>     |
| <b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A AND CLASS F UNITS</b>          | 8    | <b>\$ (38,333)</b> | <b>\$ (19,771)</b> |
| <b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A UNITS PER CLASS A UNIT</b>     | 8    | <b>\$ (0.2197)</b> | <b>\$ (0.0261)</b> |
| <b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS F UNITS PER CLASS F UNIT</b>     | 8    | <b>\$ -</b>        | <b>n/a</b>         |

The notes are an integral part of the Condensed Financial Statements.



**U.S. Tactical Allocation Fund**

## Condensed Financial Statements

**Statements of Changes in Net Assets Attributable to Holders of Class A and Class F Units**

For the six months ended June 30 (Unaudited)

|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A AND CLASS F UNITS, BEGINNING OF PERIOD |                     |                     |
| Class A  | \$ 2,633,033        | \$ 4,820,476        |
| Class F  | -                   | -                   |
|  | <u>2,633,033</u>    | <u>4,820,476</u>    |
| <b>Decrease in Net Assets Attributable to Holders of Class A and Class F Units</b>   |                     |                     |
| Class A  | (38,333)            | (19,771)            |
| <b>Unit Transactions</b>   |                     |                     |
| <b>Proceeds from issue of units, net of issue costs</b>                              |                     |                     |
| Class F  | 10                  | -                   |
| <b>Value for Units Redeemed</b>  |                     |                     |
| Class A  | (1,553,179)         | (1,583,522)         |
| <b>Distributions</b>   |                     |                     |
| Class A  |                     |                     |
| Non-taxable distributions  | <u>(14,268)</u>     | <u>(120,767)</u>    |
| <b>Changes in Net Assets Attributable to Holders of Class A and Class F Units</b>    |                     |                     |
| Class A  | (1,605,780)         | (1,724,060)         |
| Class F  | 10                  | -                   |
|  | <u>(1,605,770)</u>  | <u>(1,724,060)</u>  |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A AND CLASS F UNITS, END OF PERIOD       |                     |                     |
| Class A  | 1,027,253           | 3,096,416           |
| Class F  | 10                  | -                   |
|  | <u>\$ 1,027,263</u> | <u>\$ 3,096,416</u> |

The notes are an integral part of the Condensed Financial Statements.

**U.S. Tactical Allocation Fund**

## Condensed Financial Statements

**Statement of Cash Flows**

For the six months ended June 30 (Unaudited)

|   | <b>2016</b>        | <b>2015</b> |
|---|--------------------|-------------|
| CASH, BEGINNING OF YEAR   | \$ 416,223         | \$ 555,326  |
| <b>Cash Flows Provided by (Used In) Operating Activities</b>                                |                    |             |
| <b>Decrease in Net Assets Attributable to Holders of Class A and Class F Units</b>          | <b>(38,333)</b>    | (19,771)    |
| <b>Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities</b>         |                    |             |
| Net realized (gain)/loss on investments at fair value through profit or loss                | 17,165             | (51,000)    |
| Net realized (gain)/loss on options at fair value through profit or loss                    | 3,934              | (5,288)     |
| Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss | (99,678)           | 282,891     |
| Net change in unrealized gain/loss on investments at fair value through profit or loss      | 49,308             | (342,879)   |
| Net change in unrealized gain/loss on cash  | (5,555)            | (9,177)     |
| Decrease in dividends receivable and due from brokers - investments                         | -                  | 666         |
| Decrease in accrued liabilities, accrued management fees and due to brokers - investments   | (33,212)           | (21,227)    |
| Purchase of investment securities   | (3,935,726)        | (3,421,649) |
| Proceeds from disposition of investment securities  | 5,246,183          | 5,012,402   |
|   | <b>1,242,419</b>   | 1,444,739   |
| <b>Cash Flows Provided by (Used in) Financing Activities</b>                                |                    |             |
| Proceeds from issuance of Class F unit  | 10                 | -           |
| Class A distributions   | (14,268)           | (120,767)   |
| Class A redemptions   | (1,553,179)        | (1,583,522) |
|   | <b>(1,567,437)</b> | (1,704,289) |
| <b>Net Decrease in Cash During the Period</b>   | <b>(363,351)</b>   | (279,321)   |
| CASH, END OF PERIOD   | \$ 52,872          | \$ 276,005  |
| Dividends received, net of withholding taxes  | \$ 11,797          | \$ 10,175   |

The notes are an integral part of the Condensed Financial Statements.

# U.S. Tactical Allocation Fund

## Schedule of Investments

As at June 30, 2016 (Unaudited)

|  | Number of Shares | Average Cost | Fair Value   | % of Net Assets Attributable to Holders of Class A and Class F Units |
|--|------------------|--------------|--------------|--|
| <b>INVESTMENTS</b>   |                  |              |              |  |
| <b>Exchange-Traded Funds</b>   |                  |              |              |  |
| Energy Select Sector SPDR Fund   | 2,400            | \$ 202,929   | \$ 212,696   |  |
| Financial Select Sector SPDR Fund                                      | 6,700            | 197,765      | 198,651      |  |
| Health Care Select Sector SPDR Fund                                    | 2,200            | 206,136      | 204,914      |  |
| Materials Select Sector SPDR Fund                                      | 3,400            | 201,548      | 204,618      |  |
| Technology Select Sector SPDR Fund                                     | 3,600            | 207,922      | 202,722      |  |
| <b>Total Exchange-Traded Funds</b>                                     |                  | \$ 1,016,300 | \$ 1,023,601 | 99.6 %   |
| <b>Forward Exchange Contracts</b>                                      |                  |              |              |  |
| Bought USD \$245,000, Sold CAD \$321,053 @ 0.76311 - July 5, 2016      |                  |              | \$ (2,877)   |  |
| Bought USD \$155,000, Sold CAD \$201,922 @ 0.76762 - July 5, 2016      |                  |              | (627)        |  |
| Sold USD \$425,000, Bought CAD \$556,368 @ 0.76388 - July 5, 2016      |                  |              | 4,430        |  |
| Sold USD \$360,000, Bought CAD \$464,522 @ 0.77499 - July 20, 2016     |                  |              | (2,972)      |  |
| <b>Total Forward Exchange Contracts</b>                                |                  |              | \$ (2,046)   | (0.2)%   |
| Adjustment for transaction fees  |                  | (494)        |              |  |
| <b>TOTAL INVESTMENTS</b>   |                  | \$ 1,015,806 | \$ 1,021,555 | 99.4 %   |
| <b>OTHER NET ASSETS</b>  |                  |              | 5,708        | 0.6 %  |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A AND CLASS F UNITS</b> |                  |              | \$ 1,027,263 | 100.0 %  |

**U.S. Tactical Allocation Fund**  
**Notes to the Condensed Financial Statements**  
June 30, 2016 (Unaudited)

**1. Fund Information**

Unitholders approved a proposal on January 19, 2016 to change the investment objectives, investment strategy and investment restrictions of the Fund and to convert the Fund from a closed-end fund into an open-end mutual fund (the “Conversion”). The Fund’s new investment objective is to provide stable long term returns in both positive and negative markets with a focus on capital preservation.

In order to achieve its investment objective, the Fund utilizes a proprietary tactical asset allocation methodology to identify those sectors in the U.S. market that offer the most attractive investment opportunities. The Fund generally invests in equity based exchange-traded funds, the securities of which trade on a recognized North American stock exchange and qualify as Index Participation Units under National Instrument 81-102 - Investment Funds. However, during periods of increased risk, the Fund may allocate a greater portion, and potentially up to 100 percent of the assets to fixed income ETFs, or cash in order to preserve capital.

The Fund adopted its new investment mandate and changed its name to U.S. Tactical Allocation Fund effective February 1, 2016.

The Conversion was completed on April 20, 2016 when the Fund filed and received a receipt for its final simplified prospectus and annual information form on such date. Upon conversion to an open-end mutual fund, the Fund consolidated its Class A units on a 0.374038 to 1 basis, resulting in an initial net asset value (“NAV”) of \$10.00 per Class A unit. The Fund also offered Class F units at an initial NAV of \$10.00 per Class F unit.

**2. Basis of Presentation**

The condensed semi-annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically the International Accounting Standard (“IAS”) 34 Interim Financial Reporting. However, not all disclosures required by IFRS for annual financial statements have been presented and, accordingly, these condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2015.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2015.

These condensed financial statements were authorized for issue by Strathbridge Asset Management Inc. on August 17, 2016.

**3. Risks Associated with Financial Instruments**

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2015.

**Credit Risk**

During the periods ended June 30, 2016 and December 31, 2015, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher by Standard & Poor’s Ratings Services.

**Liquidity Risk**

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

| As at June 30, 2016    |           |            |           |
|------------------------|-----------|------------|-----------|
| Financial Liabilities  |           |            |           |
|                        | On Demand | < 3 months | Total     |
| Accrued liabilities    | \$ -      | \$ 38,473  | \$ 38,473 |
| Redemptions payable    | -         | 8,691      | 8,691     |
| Derivative liabilities | -         | 6,476      | 6,476     |
|                        | \$ -      | \$ 53,640  | \$ 53,640 |

**U.S. Tactical Allocation Fund**  
**Notes to the Condensed Financial Statements**  
June 30, 2016 (Unaudited)

| As at December 31, 2015 |           |            |            |
|-------------------------|-----------|------------|------------|
| Financial Liabilities   |           |            |            |
|                         | On Demand | < 3 months | Total      |
| Accrued liabilities     | \$ -      | \$ 78,584  | \$ 78,584  |
| Derivative liabilities  | -         | 32,365     | 32,365     |
| Accrued management fees | -         | 1,792      | 1,792      |
|                         | \$ -      | \$ 112,741 | \$ 112,741 |

**Market Risk**

**(a) Currency Risk**

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2016 and December 31, 2015 in Canadian dollar terms, and, if any, the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to Class A and Class F units 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 June 30, 2016  |             |              |           |   |              |          |
|--|-------------|--------------|-----------|---|--------------|----------|
| U. S. Currency Exposure  |             |              |           |   |              |          |
|  |             |              |           | Impact on Net Assets Attributable to Holders of |              |          |
|  |             |              |           | Class A and Class F Units                       |              |          |
|  | Monetary    | Non-Monetary | Total     | Monetary  | Non-Monetary | Total    |
|  | \$(493,407) | \$1,023,601  | \$530,194 | \$(24,670)                                      | \$51,180     | \$26,510 |
| % of Net Assets Attributable to Holders of Class A and Class F Units | (48)%       | 100 %        | 52 %      | (2)%  | 5 %          | 3 %      |

| As at December 31, 2015  |             |              |           |   |              |          |
|--|-------------|--------------|-----------|---|--------------|----------|
| U. S. Currency Exposure  |             |              |           |   |              |          |
|  |             |              |           | Impact on Net Assets Attributable to Holders of |              |          |
|  |             |              |           | Class A and Class F Units                       |              |          |
|  | 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 Holders of Class A and Class F Units | (21)%       | 48 %         | 27 %      | (1)%  | 2 %          | 1 %      |

**(b) Price Risk**

Approximately 100 percent (December 31, 2015 - 88 percent) of the Fund's net assets attributable to holders of Class A and Class F units held at June 30, 2016 were publicly traded securities. If security prices on the exchange increased or decreased by 5 percent as June 30, 2016, the net assets attributable to holders of Class A and Class F units would have increased or decreased by \$0.1 million (December 31, 2015 - \$0.1 million) respectively or 5.0 percent (December 31, 2015 - 4.4 percent) of the net assets attributable to holders of Class A and Class F units 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:

|                                     | June 30, 2016 | Dec. 31, 2015 |
|-------------------------------------|---------------|---------------|
| Exchange-Traded Funds               |               |               |
| Energy Select Sector SPDR Fund      | 20.8%         | -             |
| Health Care Select Sector SPDR Fund | 20.0%         | -             |
| Materials Select Sector SPDR Fund   | 20.0%         | -             |
| Technology Select Sector SPDR Fund  | 19.8%         | -             |
| Financial Select Sector SPDR Fund   | 19.4%         | -             |
| SPDR Gold Trust                     | -             | 43.9%         |
| Gold Equities                       | -             | 56.1%         |
|                                     | 100.0%        | 100.0%        |

**U.S. Tactical Allocation Fund**  
**Notes to the Condensed Financial Statements**  
June 30, 2016 (Unaudited)

**Fair Value Measurement**

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015.

| As at June 30, 2016        |              |            |         |              |
|----------------------------|--------------|------------|---------|--------------|
|                            | Level 1      | Level 2    | Level 3 | Total        |
| Exchange-Traded Funds      | \$ 1,023,601 | \$ -       | \$ -    | \$ 1,023,601 |
| Forward Exchange Contracts | -            | (2,046)    | -       | (2,046)      |
|                            | \$ 1,023,601 | \$ (2,046) | \$ -    | \$ 1,021,555 |

| 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 |

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 the six months ended June 30, 2016 and during the year ended December 31, 2015.

**4. Financial Instruments by Category**

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2016 and December 31, 2015.

| As at June 30, 2016             |                                |                  |   |              |
|---------------------------------|--------------------------------|------------------|---|--------------|
|                                 | Financial Instruments at FVTPL |                  | Financial Instruments at Amortized Cost | Total        |
|                                 | Designated at Inception        | Held for Trading |   |              |
| <b>Assets</b>                   |                                |                  |   |              |
| Non-derivative financial assets | \$ 1,023,601                   | \$ -             | \$ -                                    | \$ 1,023,601 |
| Derivative assets               | -                              | 4,430            | -                                       | 4,430        |
| Cash                            | -                              | -                | 52,872                                  | 52,872       |
|                                 | \$ 1,023,601                   | \$ 4,430         | \$ 52,872                               | \$ 1,080,903 |
| <b>Liabilities</b>              |                                |                  |   |              |
| Accrued liabilities             | \$ -                           | \$ -             | \$ 38,473                               | \$ 38,473    |
| Redemptions payable             | -                              | -                | 8,691                                   | 8,691        |
| Derivative liabilities          | -                              | 6,476            | -                                       | 6,476        |
|                                 | \$ -                           | \$ 6,476         | \$ 47,164                               | \$ 53,640    |

| As at December 31, 2015         |                                |                  |   |              |
|---------------------------------|--------------------------------|------------------|---|--------------|
|                                 | Financial Instruments at FVTPL |                  | Financial Instruments at Amortized Cost | Total        |
|                                 | Designated at Inception        | Held for Trading |   |              |
| <b>Assets</b>                   |                                |                  |   |              |
| 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 |
| <b>Liabilities</b>              |                                |                  |   |              |
| 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   |



**U.S. Tactical Allocation Fund**  
**Notes to the Condensed Financial Statements**  
June 30, 2016 (Unaudited)

The following table presents the net gain on financial instruments at FVTPL by category for the six months ended June 30, 2016 and 2015.

|  | June 30, 2016 | June 30, 2015 |
|--|---------------|---------------|
| Net Realized Gain/(Loss) on Financial Instruments at FVTPL             |               |               |
| Designated at Inception  | \$ (17,165)   | \$ 51,000     |
| Held for Trading   | 95,744        | (277,603)     |
|  | 78,579        | (226,603)     |
| Net Change in Unrealized Gain/(Loss) on Financial Instruments at FVTPL |               |               |
| Designated at Inception  | (59,170)      | 311,672       |
| Held for Trading   | 9,862         | 31,207        |
|  | (49,308)      | 342,879       |
| Net Gain on Financial Instruments at FVTPL                             | \$ 29,271     | \$ 116,276    |

**5. Units**

For the six months ended June 30, 2016, cash distributions paid to Class A unitholders were \$14,628 (June 30, 2015 - \$120,767) representing a payment of \$0.02 (June 30, 2015 - \$0.16) per Class A unit.

During the six months ended June 30, 2016, 278,770 (June 30, 2015 - 276,000) Class A units were redeemed with a total retraction value of \$1,553,179 (June 30, 2015 - \$1,583,522).

During the six months ended June 30, 2016 and the year ended December 31, 2015, unit transactions are as follows:

|  | June 30, 2016 | Dec. 31, 2015 |
|--|---------------|---------------|
| <b>Class A Units</b>                   |               |               |
| Units outstanding, beginning of period | 693,277       | 969,277       |
| Units redeemed, pre-consolidation      | (199,000)     | (276,000)     |
| Units consolidated                     | (309,398)     | -             |
| Units redeemed, post-consolidation     | (79,770)      | -             |
| Units outstanding, end of period       | 105,109       | 693,277       |
| <b>Class F Units</b>                   |               |               |
| Units outstanding, beginning of period | -             | -             |
| Units issued                           | 1             | -             |
| Units outstanding, end of period       | 1             | -             |

**6. Related Party Transactions**

**(a) Management Fees**

Total management fees for the six months ended June 30, 2016 were \$4,797 (June 30, 2015 - \$14,691). During this period, management fees payable by the Fund were suspended for the months of March to June 2016.

**(b) Board of Advisors' Remuneration**

Total remuneration paid to the external members of the Board of Advisors for the six months ended June 30, 2016 were nil (June 30, 2015 - \$9,600).

**(c) Independent Review Committee Fees**

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2016 were \$3,410 (June 30, 2015 - \$3,509).

**(d) Expenses Waived or Absorbed by the Manager**

The Manager, at its discretion, may waive or absorb a portion of the operating expenses otherwise payable by the Fund. The amount of expenses waived or absorbed by the Manager is disclosed in the Statement of Comprehensive Income for the six months ended June 30, 2016.

**U.S. Tactical Allocation Fund**  
**Notes to the Condensed Financial Statements**  
June 30, 2016 (Unaudited)

**7. Brokerage Commissions and Soft Dollars**

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2016 and 2015 is disclosed below:

|                                      | June 30, 2016 | June 30, 2015 |
|--------------------------------------|---------------|---------------|
| Soft Dollars                         | \$ 817        | \$10,646      |
| Percentage of Total Transaction Fees | 22.8%         | 60.2%         |

**8. Increase/(Decrease) in Net Assets Attributable to Holders of Class A and Class F Units per Unit**

The Decrease in Net Assets Attributable to Holders of Class A and Class F Units per Unit for the six months ended June 30, 2016 and 2015 is calculated as follows:

|  | June 30, 2016 |              | June 30, 2015 |
|--|---------------|--------------|---------------|
|  | Class A Unit  | Class F Unit | Class A Unit  |
| Decrease in Net Assets Attributable to Holders of Units          | \$ (38,333)   | \$ -         | \$ (19,771)   |
| Weighted Average Number of Units Outstanding during the Period   | 174,482       | 1            | 758,846       |
| Decrease in Net Assets Attributable to Holders of Units per Unit | \$ (0.2197)   | \$ -         | \$ (0.0261)   |

## **U.S. Tactical Allocation Fund**

**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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