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# Low Volatility U.S. Equity Income Fund

Semi-Annual Report 2019

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## Low Volatility U.S. Equity Income Fund

### Letter to Unitholders

We are pleased to present the 2019 semi-annual report containing the management report of fund performance and the unaudited financial statements for Low Volatility U.S. Equity Income Fund (the “Fund”).

Stock markets around the world advanced in the first half of 2019 recouping losses from the volatile markets at the end of 2018. The S&P 500 Index rose to new all-time highs as investors looked past the potential consequences of a global trade war and focused on the pivot in central bank policy from tighter conditions to anticipating looser monetary policy in the future. For the first six months of 2019, the S&P 500 Index and S&P/TSX Composite Index advanced 18.5 percent and 16.2 percent, respectively. Global markets followed the positive tone set by U.S. stocks with the MSCI EAFE Index up 14.5 percent and the MSCI Emerging Markets Index up 10.7 percent. The Federal Reserve Open Market Committee (“FOMC”), which appeared to be on the most aggressive path of tightening after raising the overnight interest rate four times in 2018, paused in the first six months of 2019 leaving the target rate at 2.5 percent. The short-end of the yield curve in the United States reacted by pricing in the probability of several rate cuts by the FOMC as 2-year yields plummeted from 2.49 percent at year end to 1.75 percent at the end of June 2019. Long-term interest rates also reacted ending the second quarter at 2.00 percent versus 2.68 percent to start the year. This dynamic has caused the yield curve (10-2 Year) to steepen slightly but remains just 25 basis points from being inverted, a condition often associated with an imminent recession. Oil prices recovered in the first half of 2019 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$58.47 per barrel on June 28, 2019, up 28.8 percent from US\$45.41 at the end of 2018. Meanwhile, other commodities did not fare as well with copper prices rising 2.1 percent, aluminum down 12.3 percent and natural gas off 24.1 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), declined in the first half of 2019 falling from 25.4 at the end of 2018 to 15.1 at the end of June. Given the uncertainty surrounding the global political landscape, trade war rhetoric, The United States-Mexico-Canada Agreement renegotiations, declining economic data, along with the Federal Reserve continuing to pivot monetary policy, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

During the six months ended June 30, 2019, the Fund paid cash distributions of \$0.14 per unit. The net asset value per unit increased from \$4.96 at December 31, 2018 to \$5.05 at June 30, 2019. The total return of the Fund, including reinvestment of distributions, was 4.7 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.08 per unit compared to a net realized gain on options of \$0.11 per unit a year ago. 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 detailed information contained within the semi-annual report.



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

### The Fund

The Fund is a closed-end investment trust designed to maximize risk adjusted returns for unitholders and to pay unitholders monthly cash distributions in an amount targeted to be 5.0 percent per annum on the net asset value per unit. The units are listed on the Toronto Stock Exchange under the ticker symbol LVU.UN.

To accomplish its objectives, the Fund invests at least 75 percent of the value of the Fund in securities of an issuer included in the S&P 100 Index that has a trailing 12 month Beta relative to the S&P 100 Index of less than 1.0 on the date the Investment Universe is established or reconstituted. In addition, up to 25 percent of the value of the Fund may be invested in securities of other issuers included in the S&P 100 Index. 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. 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.

# Low Volatility U.S. Equity Income Fund

## Management Report of Fund Performance

### Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2019 of Low Volatility U.S. Equity 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.

### Results of Operations

#### Distributions

For the six months ended June 30, 2019, cash distributions of \$0.14 per unit were paid to unitholders as compared to \$0.30 per unit last year. On November 30, 2018, the Fund split the units on a two-for-one basis and an additional 375,556 units were issued and as a result the per unit amounts are not comparable to the prior period.

Since the inception on March 13, 2013, the Fund has paid total cash distributions of \$3.85 per unit.

#### Revenue and Expenses

For the six months ended June 30, 2019, the Fund’s total revenue was \$0.05 per unit and total expenses were \$0.20 per unit. The Fund had a net realized and unrealized gain of \$0.38 per unit in the first half of 2019.

#### Net Asset Value

The net asset value per unit of the Fund increased 1.8 percent from \$4.96 at December 31, 2018 to \$5.05 at June 30, 2019. The total net asset value of the Fund increased \$0.07 million, from \$3.73 million at December 31, 2018 to \$3.80 million at June 30, 2019, reflecting an increase in net assets attributable to equity holders of \$0.17 million partially offset by cash distributions of \$0.10 million during the period.

### Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2019.

#### Related Party Transactions

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the 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 February 26, 2013.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated February 26, 2013. 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 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.

# Low Volatility U.S. Equity Income Fund

## Management Report of Fund Performance

### 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, 2019 is derived from the Fund's unaudited semi-annual financial statements.

	<b>Six months ended June 30, 2019</b>
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 4.96</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	<b>0.05</b>
Total expenses	<b>(0.20)</b>
Realized gain (loss) for the period	<b>0.13</b>
Unrealized gain (loss) for the period	<b>0.25</b>
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.23</b>
DISTRIBUTIONS	
From capital gains	-
Non-taxable distributions	<b>(0.14)</b>
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.14)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 5.05</b>

(1) All per unit figures are derived from the Fund's unaudited financial statements for the six months ended June 30, 2019 and the annual audited financial statements for the years ended December 31. Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of units then outstanding. On November 30, 2018, the Fund split the units of the Fund on a two-for-one basis and an additional 375,556 units were issued to unitholders of record on November 23, 2018.

	<b>Six months ended June 30, 2019</b>
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net Asset Value (\$millions)	<b>\$ 3.80</b>
Number of units outstanding	<b>751,112</b>
Management expense ratio <sup>(1)</sup>	<b>7.73%<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>	<b>151.16%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.33%<sup>(4)</sup></b>
Net Asset Value per unit <sup>(5)</sup>	<b>\$ 5.05</b>
Closing market price	<b>\$ 4.86</b>

(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. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2019, 2018, 2017, 2016, 2015 and 2014, excluding withholding taxes, is 7.48%, 5.41%, 4.25%, 3.76%, 3.00% and 2.73% respectively. The MER for 2015 and 2014 includes the special resolution expense/(recovery). The MER for 2015 and 2014 excluding the special resolution expense/(recovery) is 3.35% and 3.06% respectively.

## Low Volatility U.S. Equity Income Fund

### Management Report of Fund Performance

The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

		Years ended December 31							
		2018	2017	2016	2015	2014			
\$	11.01	\$	10.16	\$	10.99	\$	11.33	\$	10.97
	0.18		0.28		0.23		0.26		0.28
	(0.60)		(0.51)		(0.47)		(0.41)		(0.38)
	0.87		1.74		0.12		1.43		1.92
	(0.77)		(0.19)		(0.21)		(1.23)		(0.58)
	(0.32)		1.32		(0.33)		0.05		1.24
	–		(0.37)		–		(0.41)		(0.67)
	(0.57)		(0.21)		(0.57)		(0.20)		(0.35)
	<b>(0.57)</b>		<b>(0.58)</b>		<b>(0.57)</b>		<b>(0.61)</b>		<b>(1.02)</b>
\$	<b>4.96</b>	\$	<b>11.01</b>	\$	<b>10.16</b>	\$	<b>10.99</b>	\$	<b>11.33</b>

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss) and 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.

		Years ended December 31							
		2018	2017	2016	2015	2014			
\$	3.73	\$	5.06	\$	6.62	\$	9.53	\$	14.62
	751,112		459,606		651,798		867,508		1,289,533
	5.64%		4.56%		4.09%		3.35%		3.10%
	300.30%		384.78%		516.54%		369.11%		473.12%
	0.31%		0.28%		0.44%		0.36%		0.35%
\$	4.96	\$	11.01	\$	10.16	\$	10.99	\$	11.33
\$	4.50	\$	10.51	\$	9.86	\$	10.37	\$	11.00

(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.

# Low Volatility U.S. Equity Income Fund

## Management Report of Fund Performance

### Management Fees

Strathbridge, as the Investment Manager and Manager of the Fund, is entitled to fees under the Investment Management Agreement and Trust Agreement calculated monthly as 1/12 of 1.00 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. 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:

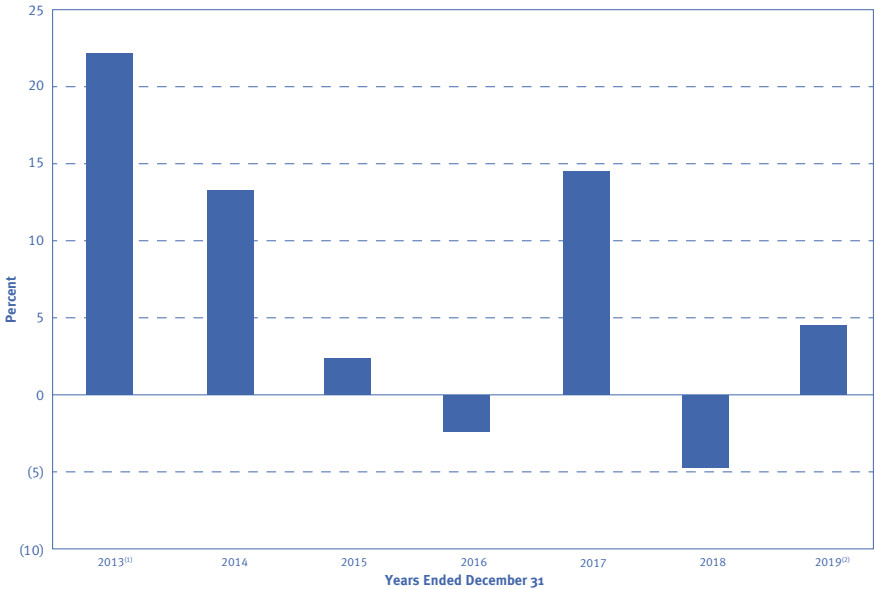
- (1) information shown assumes that all distributions made by the Fund during these periods were reinvested in units of the Fund,
- (2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) past performance of the 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 six years and for the six months ended June 30, 2019. The chart also shows, in percentage terms, how much an investment made on January 1 or the date of inception on March 13, 2013 would have increased or decreased by the end of the fiscal year or June 30, 2019 for the six months ended.

**Total Return**



<sup>(1)</sup> For the period from March 13, 2013, the inception of the Fund, to December 31, 2013.

<sup>(2)</sup> For the six months ended June 30, 2019.

# Low Volatility U.S. Equity Income Fund

## Management Report of Fund Performance

### Portfolio Manager Report

Stock markets around the world advanced in the first half of 2019 recouping losses from the volatile markets at the end of 2018. The S&P 500 Index rose to new all-time highs as investors looked past the potential consequences of a global trade war and focused on the pivot in central bank policy from tighter conditions to anticipating looser monetary policy in the future. For the first six months of 2019, the S&P 500 Index and S&P/TSX Composite Index advanced 18.5 percent and 16.2 percent, respectively. Global markets followed the positive tone set by U.S. stocks with the MSCI EAFE Index up 14.5 percent and the MSCI Emerging Markets Index up 10.7 percent. The Federal Reserve Open Market Committee (“FOMC”), which appeared to be on the most aggressive path of tightening after raising the overnight interest rate four times in 2018, paused in the first six months of 2019 leaving the target rate at 2.5 percent. The short-end of the yield curve in the United States reacted by pricing in the probability of several rate cuts by the FOMC as 2-year yields plummeted from 2.49 percent at year end to 1.75 percent at the end of June 2019. Long-term interest rates also reacted ending the second quarter at 2.00 percent versus 2.68 percent to start the year. This dynamic has caused the yield curve (10-2 Year) to steepen slightly but remains just 25 basis points from being inverted, a condition often associated with an imminent recession. Oil prices recovered in the first half of 2019 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$58.47 per barrel on June 28, 2019, up 28.8 percent from US\$45.41 at the end of 2018. Meanwhile, other commodities did not fare as well with copper prices rising 2.1 percent, aluminum down 12.3 percent and natural gas off 24.1 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), declined in the first half of 2019 falling from 25.4 at the end of 2018 to 15.1 at the end of June. Given the uncertainty surrounding the global political landscape, trade war rhetoric, The United States-Mexico-Canada Agreement renegotiations, declining economic data, along with the Federal Reserve continuing to pivot monetary policy, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

For the six months ended June 30, 2019, the net asset value (“NAV”) per unit of the Fund was \$5.05 compared to \$4.96 at December 31, 2018. Unitholders received regular cash distributions of \$0.14 per unit during the period. The Fund’s units, listed on the Toronto Stock Exchange as LUV.UN, closed on June 28, 2019 with a bid price of \$4.86 per unit, which represents a 3.8 percent discount to the NAV.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2019 was 4.7 percent. The best performing stock within the portfolio was American Express Company, up 31.4 percent over the period, while Fox Corporation was the laggard, down 10.1 percent, while held in the Fund.

Volatility was generally lower in the first half of 2019 after starting the year at an elevated level. The covered call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting (“SSO”) strategy. The Fund ended June 30, 2019 with 23.7 percent of the portfolio subject to covered calls and a cash position of 4.8 percent. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar exposure 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, 2019

	% of Net Asset Value
Consumer Discretionary	24.8 %
Information Technology	21.7 %
Consumer Staples	16.7 %
Industrials	10.8 %
Financials	10.5 %
Communication Services	5.4 %
Cash	4.8 %
Health Care	4.0 %
Utilities	1.9 %
Other Assets (Liabilities)	(0.6)%
	100.0 %

### Portfolio Holdings

June 30, 2019

	% of Net Asset Value
Walmart Inc.	6.5 %
Starbucks Corporation	6.3 %
The Walt Disney Company	6.3 %
The Home Depot, Inc.	6.1 %
Oracle Corporation	6.1 %
McDonald's Corporation	6.1 %
Microsoft Corporation	5.8 %
American Express Company	5.5 %
Costco Wholesale Corporation	5.5 %
Charter Communications, Inc.	5.4 %
PayPal Holdings, Inc.	5.3 %
JPMorgan Chase & Co.	5.0 %
Cash	4.8 %
Honeywell International Inc.	4.8 %
PepsiCo, Inc.	4.7 %
Mastercard Incorporated	4.5 %
Union Pacific Corporation	4.1 %
Medtronic Public Limited Company	4.0 %
NextEra Energy, Inc.	1.9 %
Lockheed Martin Corporation	1.9 %

### 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.

## Low Volatility U.S. Equity Income Fund

### Management's Responsibility for Financial Reporting

The accompanying condensed financial statements of Low Volatility U.S. Equity Income 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 approved by the Fund's Board of Advisors (the "Board").

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 semi-annual 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, 2018.

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 matters, 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.



John D. Germain  
Director  
Strathbridge Asset Management Inc.

August 7, 2019

**Notice to Unitholders**

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2019 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

## Low Volatility U.S. Equity Income Fund

### Condensed Financial Statements

#### Statements of Financial Position

As at June 30, 2019 (Unaudited) and December 31, 2018 (Audited)

	Note	June 30, 2019	Dec. 31, 2018
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	\$ 3,637,754	\$ 3,194,785
Derivative assets	2	48,836	–
Dividends receivable		1,633	4,530
Cash		183,400	636,663
<b>TOTAL ASSETS</b>		<b>3,871,623</b>	<b>3,835,978</b>
<b>LIABILITIES</b>			
Derivative liabilities	2	44,192	58,906
Accrued liabilities		28,879	46,111
Accrued management fees	4	2,911	3,205
<b>TOTAL LIABILITIES</b>		<b>75,982</b>	<b>108,222</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>\$ 3,795,641</b>	<b>\$ 3,727,756</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT</b>		<b>\$ 5.0534</b>	<b>\$ 4.9630</b>

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

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2019	2018
<b>INCOME</b>			
Dividend income		\$ 31,855	\$ 40,144
Interest income		4,069	2,397
Net realized gain on investments at fair value through profit or loss		48,903	36,879
Net realized gain on options at fair value through profit or loss		61,332	52,809
Net realized loss on forward exchange contracts at fair value through profit or loss		(10,903)	(68,983)
Net change in unrealized gain/loss on investments at fair value through profit or loss		187,059	88,259
<b>TOTAL INCOME, NET</b>		<b>322,315</b>	<b>151,505</b>
<b>EXPENSES</b>			
Management fees	4	18,386	24,993
Service fees		7,054	9,727
Administrative and other expenses		35,969	38,771
Transaction fees	5	6,244	8,735
Custodian fees		28,475	26,744
Audit fees		13,643	13,872
Advisory board fees	4	9,600	10,200
Independent review committee fees	4	3,750	3,750
Legal fees		7,551	496
Unitholder reporting costs		6,955	7,679
Harmonized sales tax		9,082	7,968
Withholding taxes		4,789	5,041
<b>TOTAL EXPENSES</b>		<b>151,498</b>	<b>157,976</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF UNITS</b>	6	<b>\$ 170,817</b>	<b>\$ (6,471)</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF UNITS PER UNIT</b>	6	<b>\$ 0.2274</b>	<b>\$ (0.0141)</b>

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

## Low Volatility U.S. Equity Income Fund

### Condensed Financial Statements

#### Statements of Changes in Equity

Six months ended June 30, 2019 (Unaudited)

	Unit Capital	Retained Earnings	Total
BALANCE AT JANUARY 1, 2018	\$ 4,285,826	\$ 774,786	\$ 5,060,612
<b>Decrease in Net Assets Attributable to Equity Holders</b>	–	(148,613)	(148,613)
<b>Distributions</b>			
Non-taxable distributions	–	(256,709)	(256,709)
<b>Value for units redeemed</b>	(783,766)	(143,768)	(927,534)
BALANCE AT DECEMBER 31, 2018	\$ 3,502,060	\$ 225,696	\$ 3,727,756
<b>Increase in Net Assets Attributable to Equity Holders</b>	–	170,817	170,817
<b>Distributions</b>			
Non-taxable distributions	–	(102,932)	(102,932)
BALANCE AT JUNE 30, 2019	\$ 3,502,060	\$ 293,581	\$ 3,795,641

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

#### Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2019	2018
CASH, BEGINNING OF YEAR	\$ 636,663	\$ 183,928
<b>Cash Flows Provided by (Used In) Operating Activities</b>		
<b>Increase/(Decrease) in Net Assets Attributable to Equity Holders</b>	170,817	(6,471)
<b>Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities</b>		
Net realized gain on investments at fair value through profit or loss	(48,903)	(36,879)
Net realized gain on options at fair value through profit or loss	(61,332)	(52,809)
Net realized loss on forward exchange contracts at fair value through profit or loss	10,903	68,983
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	(187,059)	(88,259)
Net change in unrealized appreciation/depreciation on foreign cash	(16,003)	1,590
Decrease in dividends receivable	2,897	453
Decrease in accrued liabilities and accrued management fees	(17,526)	(5,615)
Purchase of investment securities	(5,305,746)	(7,776,894)
Proceeds from disposition of investment securities	5,101,621	8,457,618
	(521,148)	568,188
<b>Cash Flows Used In Financing Activities</b>		
Unitholder distributions	(102,932)	(137,142)
<b>Net Increase/(Decrease) in Cash During the Period</b>	(453,263)	424,575
CASH, END OF PERIOD	\$ 183,400	\$ 608,503
Dividends received, net of withholding taxes	\$ 29,963	\$ 35,556
Interest received	\$ 4,069	\$ 2,397

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



Schedule of Investments

As at June 30, 2019 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Equity Holders
<b>INVESTMENTS</b>				
<b>Non-North American Common Shares</b>				
<b>Health Care</b>				
Medtronic Public Limited Company	1,200	\$ 151,680	\$ 152,717	4.0%
<b>Total Non-North American Common Shares</b>		\$ 151,680	\$ 152,717	4.0%
<b>United States Common Shares</b>				
<b>Communication Services</b>				
Charter Communications, Inc.	400	\$ 204,297	\$ 206,560	5.4%
<b>Consumer Discretionary</b>				
McDonald's Corporation	850	212,192	230,655	
Starbucks Corporation	2,200	220,832	240,998	
The Home Depot, Inc.	850	215,718	230,999	
The Walt Disney Company	1,300	189,660	237,212	
<b>Total Consumer Discretionary</b>		838,402	939,864	24.8%
<b>Consumer Staples</b>				
Costco Wholesale Corporation	600	186,059	207,192	
PepsiCo, Inc.	1,050	171,909	179,921	
Walmart Inc.	1,700	233,169	245,450	
<b>Total Consumer Staples</b>		591,137	632,563	16.7%
<b>Financials</b>				
American Express Company	1,300	205,045	209,696	
JPMorgan Chase & Co.	1,300	196,012	189,922	
<b>Total Financials</b>		401,057	399,618	10.5%
<b>Industrials</b>				
Lockheed Martin Corporation	150	70,571	71,258	
Honeywell International Inc.	800	168,779	182,516	
Union Pacific Corporation	700	160,609	154,689	
<b>Total Industrials</b>		399,959	408,463	10.8%
<b>Information Technology</b>				
Mastercard Incorporated	500	148,810	172,837	
Microsoft Corporation	1,250	196,236	218,815	
Oracle Corporation	3,100	212,610	230,780	
PayPal Holdings, Inc.	1,350	188,670	201,920	
<b>Total Information Technology</b>		746,326	824,352	21.7%
<b>Utilities</b>				
NextEra Energy, Inc.	275	74,557	73,617	1.9%
<b>Total United States Common Shares</b>		\$ 3,255,735	\$ 3,485,037	91.8%

## Low Volatility U.S. Equity Income Fund

### Schedule of Investments

As at June 30, 2019 (Unaudited)

	Number of Contracts	Average Cost/(Proceeds)	Fair Value	% of Net Assets Attributable to Equity Holders
<b>Forward Exchange Contracts</b>				
Sold USD \$855,000, Bought CAD \$1,151,352 @ 0.74261 – July 10, 2019			\$ 34,380	
Sold USD \$575,000, Bought CAD \$762,740 @ 0.75386 – July 31, 2019			11,924	
<b>Total Forward Exchange Contracts</b>			\$ 46,304	1.2 %
<b>Options</b>				
<b>Purchased Put Options</b> (100 shares per contract)				
iShares S&P 100 ETF – August 2019 @ \$121	31	\$ 11,974	\$ 2,532	0.0 %
<b>Written Covered Call Options</b> (100 shares per contract)				
Costco Wholesale Corporation – July 2019 @ \$245	(3)	(1,811)	(7,831)	
JPMorgan Chase & Co. – July 2019 @ \$111	(13)	(2,609)	(4,349)	
Mastercard Incorporated – July 2019 @ \$250	(5)	(4,109)	(9,670)	
Microsoft Corporation – July 2019 @ \$122	(6)	(2,652)	(9,624)	
PayPal Holdings, Inc. – July 2019 @ \$109	(7)	(2,321)	(5,694)	
PepsiCo, Inc. – July 2019 @ \$130	(5)	(1,316)	(1,993)	
Union Pacific Corporation – July 2019 @ \$168	(7)	(3,921)	(5,031)	
<b>Total Written Covered Call Options</b>		(18,739)	(44,192)	(1.1)%
<b>Total Options</b>		\$ (6,765)	\$ (41,660)	(1.1)%
Adjustment for transaction fees		(985)		
<b>TOTAL INVESTMENTS</b>		\$ 3,399,665	\$ 3,642,398	95.9 %
<b>OTHER NET ASSETS</b>			153,243	4.1 %
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>			\$ 3,795,641	100.0 %

Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for Low Volatility U.S. Equity Income Fund (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, 2018.

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, 2018.

These condensed financial statements were approved by the Board of Advisors on August 7, 2019.

2. 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, 2018.

Credit Risk

As at June 30, 2019 and December 31, 2018, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

Liquidity Risk

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

	As at June 30, 2019			Total
	Financial Liabilities			
	On Demand	< 3 months		
Derivative liabilities	\$ –	\$ 44,192	\$	44,192
Accrued liabilities	–	28,879		28,879
Accrued management fees	–	2,911		2,911
	\$ –	\$ 75,982	\$	75,982

	As at December 31, 2018			Total
	Financial Liabilities			
	On Demand	< 3 months		
Derivative liabilities	\$ –	\$ 58,906	\$	58,906
Accrued liabilities	–	46,111		46,111
Accrued management fees	–	3,205		3,205
	\$ –	\$ 108,222	\$	108,222

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

#### Market Risk

##### (a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2019 and December 31, 2018 in Canadian dollar terms, and the notional amounts of forward exchange 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 June 30, 2019 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (2,277,739)	\$ 3,443,377	\$ 1,165,638	\$ (113,887)	\$ 172,169	\$ 58,282
% of Net Assets Attributable to Equity Holders	(60)%	91%	31%	(3)%	5%	2%

	As at December 31, 2018 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (1,288,649)	\$ 3,175,158	\$ 1,886,509	\$ (64,432)	\$ 158,758	\$ 94,326
% of Net Assets Attributable to Equity Holders	(35)%	85%	50%	(2)%	4%	2%

##### (b) Price Risk

Approximately 96 percent (December 31, 2018 – 86 percent) of the Fund's net assets attributable to equity holders held at June 30, 2019 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2019, the net assets attributable to equity holders would have increased or decreased by \$0.2 million (December 31, 2018 – \$0.2 million) respectively or 4.8 percent (December 31, 2018 – 4.3 percent) of the net assets attributable to equity holders all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

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, 2019	Dec. 31, 2018
Consumer Discretionary	25.8%	8.0%
Information Technology	22.7%	16.5%
Consumer Staples	17.4%	14.1%
Industrials	11.2%	4.1%
Financials	11.0%	6.5%
Communication Services	5.7%	6.7%
Health Care	4.2%	34.1%
Utilities	2.0%	3.7%
Energy	–	6.3%
	100.0%	100.0%

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, 2019 and December 31, 2018.

	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Non-North American Shares	\$ 152,717	\$ –	\$ –	\$ 152,717
United States Common Shares	3,485,037	–	–	3,485,037
Forward Exchange Contracts	–	46,304	–	46,304
Options	(41,660)	–	–	(41,660)
	\$ 3,596,094	\$ 46,304	\$ –	\$ 3,642,398

	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
United States Common Shares	\$ 3,194,785	\$ –	\$ –	\$ 3,194,785
Forward Exchange Contracts	–	(39,279)	–	(39,279)
Options	(19,627)	–	–	(19,627)
	\$ 3,175,158	\$ (39,279)	\$ –	\$ 3,135,879

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, 2019 and during the year ended December 31, 2018.

3. Units

For the six months ended June 30, 2019, cash distributions paid to unitholders were \$102,932 (June 30, 2018 – \$137,142) representing a payment of \$0.14 (June 30, 2018 – \$0.30) per unit.

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

During the six months ended June 30, 2019 and 2018, nil units were redeemed.

During the six months ended June 30, 2019 and year ended December 31, 2018, unit transactions are as follows:

	June 30, 2019	Dec. 31, 2018
Units outstanding, beginning of year	751,112	459,606
Units redeemed	–	(84,050)
Unit Split (two-for-one basis)	–	375,556
Units outstanding, end of period	751,112	751,112

#### 4. Related Party Transactions

##### (a) Management Fees

Total management fees for the six months ended June 30, 2019 were \$18,386 (June 30, 2018 – \$24,993) of which \$2,911 (June 30, 2018 – \$3,929) was unpaid.

##### (b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the six months ended June 30, 2019 were \$9,600 (June 30, 2018 – \$10,200).

##### (c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2019 were \$3,750 (June 30, 2018 – \$3,750).

#### 5. 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, 2019 and 2018 is disclosed below:

	June 30, 2019	June 30, 2018
Soft Dollars	\$ 2,400	\$ 2,117
Percentage of Total Transaction Fees	38.4%	24.2%

#### 6. 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 six months ended June 30, 2019 and 2018 is calculated as follows:

	June 30, 2019	June 30, 2018
Increase/(Decrease) in Net Assets Attributable to Equity Holders	\$ 170,817	\$ (6,471)
Weighted Average Number of Units Outstanding during the Period	751,112	459,606
Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit	\$ 0.2274	\$ (0.0141)

Investment Funds Managed by  
Strathbridge Asset Management Inc.

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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)  
U.S. Financials Income Fund (USF.UN)  
Top 10 Canadian Financial Trust (TCT.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)

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