PORTLAND
INVESTMENT COUNSEL®

Portland Focused Plus Fund LP

Financial Statements

December 31, 2015

Portland Focused Plus Fund LP

Financial Statements

December 31, 2015

FINANCIAL STATEMENTS

PORTLAND FOCUSED PLUS FUND LP

PARTNERSHIP INFORMATION

General Partner:	Portland General Partner (Alberta) Inc.
Directors of the General Partner:	Michael Lee-Chin James Cole Michael Perkins
Registered Office:	c/o Borden Ladner Gervais LLP 1900, 520 – 3rd Avenue S.W. Calgary, Alberta T2P 0R3
Custodian:	UBS Bank (Canada) 154 University Avenue, Suite 800 Toronto, Ontario M5H 3Z4
Investment fund manager and portfolio manager:	Portland Investment Counsel Inc. 1375 Kerns Road, Suite 100 Burlington, Ontario L7P 4V7
Administrator:	CIBC Mellon Global Securities Services Company 320 Bay Street Toronto, Ontario M5H 4A6
Auditor:	PricewaterhouseCoopers LLP 18 York Street, Suite 2600 Toronto, Ontario M5J 0B2
Members of Independent Review Committee:	David Sharpless Jim O'Donnell Richard White Note: Jim O'Donnell will resign from the IRC effective March 31, 2016. Simon Lewis will join the IRC effective April 1, 2016 to fill the vacancy created by Mr. O'Donnell's resignation.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared and approved by Portland Investment Counsel Inc., the manager (the "Manager") of Portland Focused Plus Fund LP (the "Partnership"). The Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of the General Partner is responsible for reviewing and approving the financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Partnership are described in Note 3 to these financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Partnership. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Partners their opinion on the financial statements. Their report is attached.

"Michael Lee-Chin"

Michael Lee-Chin,
Director,
Portland Investment Counsel Inc.
March 10, 2016

"Robert Almeida"

Robert Almeida,
Director,
Portland Investment Counsel Inc.
March 10, 2016

March 11, 2016

Independent Auditor's Report

To the Partners of

Portland Focused Plus LP (the Partnership)

We have audited the accompanying financial statements of the Partnership, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2015 and December 31, 2014 and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licenced Public Accountants

Statements of Financial Position

as at	December 31, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	$ 1,912	$ 2,050,564
Dividends receivable	208,675	73,549
Subscriptions receivable	188,000	-
Investments - pledged as collateral (note 5 and 11)	35,518,260	28,265,906
	35,916,847	30,390,019
Liabilities		
Current Liabilities		
Loan facility (note 11)	18,318,527	13,603,807
Management fees payable	12,071	11,736
Expenses payable	7,617	6,693
Organizational expenses payable	28,148	43,024
Redemptions payable	-	250,300
	18,366,363	13,915,560
Net Assets Attributable to Redeemable Units	$ 17,550,484	$ 16,474,459
Equity		
General Partner's Equity	100	100
Net Assets Attributable to Holders of Redeemable Units		
Class A	303,104	285,895
Class B	3,910,761	3,605,619
Class BN	9,249,287	10,019,683
Class F	4,087,232	2,563,162
Net Assets Attributable to Holders of Redeemable Units	$ 17,550,384	$ 16,474,359
Number of Redeemable Units Outstanding (note 6)		
Class A	3,646	3,667
Class B	44,841	44,841
Class BN	102,556	120,467
Class F	47,703	32,187
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	83.14	77.97
Class B	87.21	80.41
Class BN	90.19	83.17
Class F	85.68	79.63

Approved on behalf of the General Partner.

"Michael Lee-Chin" Director

"James Cole" Director

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

Statements of Comprehensive Income

for the years ended December 31	2015	2014
Income		
Net gains (losses) on investments		
Dividends	$ 1,290,452	$ 675,443
Interest for distribution purposes	1,803	188,709
Net realized gain (loss) on investments	4,977,743	1,564,212
Change in unrealized appreciation (depreciation) of investments	(3,541,626)	1,082,886
	2,728,372	3,511,250
Other income		
Foreign exchange gain (loss) on cash and other net assets	(745,074)	(667,525)
Total income (net)	1,983,298	2,843,724
Expenses		
Management fees (note 8)	143,450	184,949
Performance fees (note 8)	57,549	80,747
General & administrative expenses	54,734	39,702
Audit fees	11,208	13,734
Legal and registration fees	4,991	9,023
Independent review committee fees	3,941	4,097
Interest expense and bank charges (note 11)	196,799	94,945
Withholding taxes	40,309	35,372
Transaction costs	31,684	32,258
	544,665	494,827
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 1,438,633	$ 2,348,897
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	15,902	35,244
Class B	305,142	246,817
Class BN	863,147	1,779,832
Class F	254,442	287,004
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	4.99	10.07
Class B	6.80	12.34
Class BN	7.45	13.64
Class F	6.48	10.40

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

for the years ended December 31	2015	2014
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	$ 285,895	$ 200,651
Class B	3,605,619	1,358,802
Class BN	10,019,683	9,481,624
Class F	2,563,162	1,364,700
	16,474,359	12,405,777
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	15,902	35,244
Class B	305,142	246,817
Class BN	863,147	1,779,832
Class F	254,442	287,004
	1,438,633	2,348,897
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	165,300	50,000
Class B	-	2,000,000
Class BN	8,100	1,020,232
Class F	1,550,022	1,906,690
	1,723,422	4,976,922
Redemptions of redeemable units		
Class A	(163,993)	-
Class B	-	-
Class BN	(1,641,643)	(2,262,005)
Class F	(280,394)	(995,232)
	(2,086,030)	(3,257,237)
Net Increase (Decrease) from Redeemable Unit Transactions	(362,608)	1,719,685
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	303,104	285,895
Class B	3,910,761	3,605,619
Class BN	9,249,287	10,019,683
Class F	4,087,232	2,563,162
Net Assets Attributable to Holders of Redeemable Units at End of Period	$ 17,550,384	$ 16,474,359

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

Statements of Cash Flows

for the years ended December 31		2015		2014
Cash Flows from Operating Activities				
Increase (decrease) in net assets attributable to holders of redeemable units	$	1,438,633	$	2,348,897
Adjustments for:				
Net realized (gain) loss on investments		(4,977,743)		(1,564,212)
Change in unrealized (appreciation) depreciation on investments		3,541,626		(1,082,886)
(Increase) decrease on dividends receivable		(135,126)		(59,449)
Increase (decrease) in other payable and accrued liabilities		1,259		(12,897)
Increase (decrease) in organizational expenses payable		(14,876)		(12,994)
Purchase of investments		(47,978,403)		(45,700,232)
Proceeds from the sale of investments		42,162,166		40,934,516
Net Cash Generated (Used) by Operating Activities		(5,962,464)		(5,149,257)
Cash Flow from Financing Activities				
Net cash flows from loan facility		4,714,720		5,692,165
Proceeds from redeemable units issued		1,535,422		5,026,922
Amount paid on redemption of redeemable units		(2,336,330)		(3,519,610)
Net Cash Generated (Used) by Financing Activities		3,913,812		7,199,477
Increase (decrease) in cash and cash equivalents		(2,048,652)		2,050,220
Cash and Cash Equivalents Beginning of Period		2,050,564		344
Cash and Cash Equivalents End of Period	$	1,912	$	2,050,564
Cash and cash equivalents comprise:				
Cash at bank		1,912		2,050,564
From operating activities:				
Interest received	$	1,803	$	188,709
Dividends received, net of witholding tax	$	1,115,017	$	580,622
From financing activities:				
Interest paid	$	196,311	$	94,945

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

Schedule of Investment Portfolio

as at December 31, 2015

No. of Shares	Security Name		Cost		Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
EQUITIES						
Financials						
20,000	Aflac Incorporated	$	1,626,987	$	1,657,673	9.4%
120,000	Bank of Nova Scotia		7,387,566		6,716,400	38.3%
18,000	Canadian Imperial Bank of Commerce		1,665,360		1,641,420	9.4%
145,000	HCP Inc.		6,936,753		7,672,339	43.7%
162,000	National Bank of Canada		7,264,232		6,530,220	37.2%
22,200	Power Financial Corporation		680,759		706,182	4.0%
70,000	RioCan Real Estate Investment Trust		1,726,246		1,658,300	9.5%
50,000	Royal Bank of Canada		3,863,475		3,707,500	21.1%
			31,151,378		30,290,034	172.6%
Materials						
70,000	Potash Corporation of Saskatchewan Inc.		1,696,978		1,658,226	9.5%
Utilities						
100,000	ATCO Ltd., Class "I" NV		3,416,412		3,570,000	20.3%
	Total investments		36,264,768		35,518,260	202.4%
	Transaction costs		(14,732)		-	-
	Total investment portfolio	$	36,250,036		35,518,260	202.4%
	Other liabilities less assets				(17,967,776)	(102.4)%
	TOTAL NET ASSETS			$	17,550,484	100.0%

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

Notes to Financial Statements

1. ESTABLISHMENT OF THE PARTNERSHIP

Portland Focused Plus Fund LP (the Partnership) is a limited partnership established under the laws of the Province of Alberta on October 22, 2012. The registered office of the Parnership is c/o Borden Ladner Gervais LLP, 1900, 520 – 3rd Avenue S.W. Calgary, Alberta T2P 0R3. These financial statements were authorized for issue by the General Partner on March 10, 2016. Pursuant to the partnership agreement, Portland General Partner (Alberta) Inc. (the General Partner) is responsible for the management of the Partnership. The General Partner has engaged Portland Investment Counsel Inc. (the Manager) to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the Units of the Partnership.

The investment objective of the Partnership is to achieve, over the long term, preservation of capital and a satisfactory return.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Partnership's investments are designated at fair value through profit or loss (FVTPL) at inception and are measured at fair value through profit and loss (FVTPL).

The Partnership's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

All other financial assets and liabilities are classified as loans and receivables or other financial liabilities and are measured at amortized cost using the effective interest method, which approximates fair value given their short term nature. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

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

December 31, 2015:

Assets	Held for Trading ($)	Financial assets at FVTPL Designated at Inception ($)	Total ($)	Financial assets at amortized cost ($)	Total ($)
Cash and cash equivalents	-	-	-	1,912	1,912
Dividends receivable	-	-	-	208,675	208,675
Subscriptions receivable	-	-	-	188,000	188,000
Investments - pledged as collateral	-	35,518,260	35,518,260	-	35,518,260
Total	**-**	**35,518,260**	**35,518,260**	**398,587**	**35,916,847**

Liabilities	Held for Trading ($)	Financial liabilities at FVTPL Designated at Inception ($)	Total ($)	Financial liabilities at amortized cost ($)	Total ($)
Loan facility	-	-	-	18,318,527	18,318,527
Management fee payable	-	-	-	11,496	11,496
Expenses payable	-	-	-	8,192	8,192
Organizational expense payable	-	-	-	28,148	28,148
Total	**-**	**-**	**-**	**18,366,363**	**18,366,363**

December 31, 2014:

Assets	Held for Trading ($)	Financial assets at FVTPL Designated at Inception ($)	Total ($)	Financial assets at amortized cost ($)	Total ($)
Cash and cash equivalents	-	-	-	2,050,564	2,050,564
Dividends receivable	-	-	-	73,549	73,549
Investments - pledged as collateral	-	28,265,906	28,265,906	-	28,265,906
Total	**-**	**28,265,906**	**28,265,906**	**2,124,113**	**30,390,019**

Liabilities	Held for Trading ($)	Financial liabilities at FVTPL Designated at Inception ($)	Total ($)	Financial liabilities at amortized cost ($)	Total ($)
Loan facility	-	-	-	13,603,807	13,603,807
Management fee payable	-	-	-	11,736	11,736
Expenses payable	-	-	-	6,693	6,693
Organizational expense payable	-	-	-	43,024	43,024
Redemptions payable	-	-	-	250,300	250,300
Total	**-**	**-**	**-**	**13,915,560**	**13,915,560**

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the years ending December 31, 2015 and December 31, 2014.

	Net gains (losses) ($)	
Category	2015	2014
Financial Assets at FVTPL:		
Held for trading	-	-
Designated at inception	2,728,372	3,511,250
Total	**2,728,372**	**3,511,250**
Financial Liabilities at FVTPL:		
Held for trading	-	-
Total	**2,728,372**	**3,511,250**

Financial assets and liabilities may be offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Partnership may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

The Partnership borrows using a loan facility for the purposes of making investments. Collateral in the form of cash and securities is required to secure the loan facility. Securities pledged as collateral are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Partnership commits to purchase or sell the investment. Financial assets and liabilities at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of comprehensive income.

Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the cost to acquire the financial asset is included within "Net realized gain (loss) on investments" in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Gains and losses arising from change in fair value of the financial assets and liabilities at FVTPL are presented in the statements of comprehensive income within "Change in unrealized appreciation (depreciation) of investments" in the period in which they arise.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's closing bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Revenue recognition

"Interest for distribution purposes" shown on the statements of comprehensive income represents the coupon interest earned by the Partnership on debt securities accounted for on an accrual basis. The Partnership does not amortize premiums paid or discounts received on the purchase of fixed income securities other than zero coupon debt securities which are amortized on a straight line basis. Interest receivable is shown separately in the statement of financial position based on the debt instruments' stated rates of interest.

Dividends on equity investments are recognized as income on the ex-dividend date.

Foreign currency translation

The Partnership's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as "Foreign currency gain (loss) on cash and other net assets" on the statements of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income within "Net realized gain (loss) on investments".

Unrealized exchange gains or losses on investments are included in "Change in unrealized appreciation (depreciation) of investments" in the statements of comprehensive income.

"Foreign exchange gain (loss) on cash and other net assets" arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Partnership considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs and amortization of premiums and discounts on fixed income securities with the exception of zero coupon bonds. The cost of each investment is determined on an average basis by dividing the total cost of such investment by the number of shares purchased. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs.

Redeemable units

The Partnership issued four classes of redeemable units, which are redeemable at the holder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Partnership at any redemption date for cash equal to a proportionate share of the Partnership's net asset value (NAV) attributable to the unit class. Units are redeemable monthly.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the units back to the Partnership.

Redeemable units are issued and redeemed at the holder's option at prices based on the Partnership's NAV per unit at the time of issue or redemption. The Partnership's NAV per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Partnership's offering memorandum, investment positions are valued based on the last traded market price for the purpose of determining the NAV per unit for subscriptions and redemptions.

Expenses

Expenses of the Partnership including management fees, performance fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

Interest expense associated with margin borrowing is recorded on an accrual basis.

Organization expenses

Organization expenses include legal and registration fees associated with the formation of the Partnership and are amortized over five years for tax purposes. For financial reporting purposes, these fees were expensed in their entirety in the first fiscal year of the Partnership. Organization expenses are payable to the Manager and are being invoiced by the Manager. The Manager expects to invoice the entire amount of organization expenses within five years of the formation of the Partnership.

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

"Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit" in the statements of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class, divided by the weighted average units outstanding of that Class during the reporting period.

Distribution to the Unitholders

Distributions will be made to Unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. All distributions by the Partnership on Class A, Class B, Class BN and Class F Units will be automatically reinvested in additional units of the same Class of the Partnership held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to a class are charged to that class. The Partnership's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each class based upon the relative NAV of each class.

Future accounting changes

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, it is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Partnership is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Partnership has made in preparing these financial statements.

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

In classifying and measuring financial instruments under IAS 39, Financial Instruments - Recognition and Measurement, the Manager is required to make significant judgments about whether or not the investments of the Partnership are considered held for trading or that the fair value option can be applied to those that are not. The Manager has concluded that the fair value option can be applied to the Partnership's investments that are not considered held for trading. Such investments have been designated at FVTPL.

Functional and presentation currency

The Partnership's investors are entirely from Canada, with subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The primary activity of the Partnership is to invest in a portfolio of Canadian and non-Canadian securities. The performance of the Partnership is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Partnership's functional and presentation currency.

5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Partnership's investment activities may be exposed to various financial risks, including market risk (which includes price risk, concentration risk, interest rate risk and currency risk), liquidity risk, credit risk and leverage risk. The Partnership's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Partnership's investment objectives per the Partnership's offering documents. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the market prices of the Partnership's investments strengthened or weakened by 5%, net assets would have increased or decreased by approximately $1,775,913 (December 31, 2014: $1,413,295). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The following tables present the Partnership's exposure as a percentage of the total carrying value of the investments by geographic region and by industry sector as at December 31, 2015 and December 31, 2014.

Sector	December 31, 2015	December 31, 2014
Financials	172.6%	160.8%
Utilities	20.3%	10.8%
Materials	9.5%	-
Cash and Other Net Assets	(102.4%)	(71.6%)

Geographic Region	December 31, 2015	December 31, 2014
Canada	149.3%	102.8%
United States	53.1%	68.8%
United Kingdom	-	-
Cash and Other Net Assets	(102.4%)	(71.6%)

Cash and Other Net Assets refers to cash on hand plus all other assets and liabilities in the Partnership excluding portfolio investments.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Partnership, such as bonds and margin borrowings. The fair value and future cash flows of such instruments held by the Partnership will fluctuate due to changes in market interest rates. As at December 31, 2015 and December 31, 2014, the Partnership had exposure to interest rate risk due to its borrowings as described in note 11. If interest rates had doubled in 2015 and 2014, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by $196,311 and $94,945 as at December 31, 2015 and December 31, 2014, respectively.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Partnership may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

During the period, the Partnership made use of borrowings denominated in US dollars, which in effect mitigated the currency risk of the Partnership being invested in US listed securities. The Manager may use either Canadian dollar or foreign currency denominated borrowings based on the interest cost differential and the Partnership's currency exposure, including the revenue and income sensitivity of the underlying investments.

The table below indicates the foreign currencies to which the Partnership had significant exposure at December 31, 2015 and December 31, 2014 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

December 31, 2015

	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	(9,397,338)	10,988,238	1,590,900	(469,867)	549,412	79,545
Total	**(9,397,338)**	**10,988,238**	**1,590,900**	**(469,867)**	**549,412**	**79,545**
% of net assets attributable to holders of redeemable units	**(53.5%)**	**62.6%**	**9.1%**	**(2.7%)**	**3.1%**	**0.4%**

December 31, 2014

	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	(5,752,338)	11,342,270	5,589,932	(287,617)	567,114	279,497
Total	**(5,752,338)**	**11,342,270**	**5,589,932**	**(287,617)**	**567,114**	**279,497**
% of net assets attributable to holders of redeemable units	**(34.9%)**	**68.8%**	**33.9%**	**(1.7%)**	**3.4%**	**1.7%**

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting its obligations associated with financial liabilities. The Partnership is exposed to monthly cash redemptions and borrows on margin to make investments. As a result, the Partnership invests all of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.

The tables below analyze the Partnership's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

December 31, 2015	< 6 months ($)	> 6 months ($)	Total ($)
Loan facility	18,318,527	-	18,318,527
Management fee and accounts payable	19,688	-	19,688
Organizational expense payable	-	28,148	28,148

December 31, 2014	< 6 months ($)	> 6 months ($)	Total ($)
Redemptions payable	250,300	-	250,300
Loan facility	13,603,807	-	13,603,807
Management fee and accounts payable	18,429	-	18,429
Organizational expense payable	-	43,024	43,024

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Partnership's cash balances are maintained at financial institutions with an A+ credit rating and therefore credit risk is minimal.

As at December 31, 2015 and December 31, 2014, the Partnership did not have significant exposure to credit risk.

Leverage risk

The Partnership may generally borrow up to 70% of its total assets. The Partnership was subject to leverage risk as at December 31, 2015 and December 31, 2014. The Partnership pledges securities as collateral and is able to borrow up to limits imposed by the broker it has pledged the collateral to. The amount of borrowing allowed by the broker depends on the nature of the securities pledged. The Partnership pays interest on the amounts borrowed. Interest is accrued daily and paid weekly.

As at December 31, 2015, the amount borrowed was $18,318,527 representing 51% of the total assets of the Partnership ($13,603,807 representing 48% as at December 31, 2014). Interest expense for the period ended December 31, 2015 was $196,311 ($94,945 for the period ended December 31, 2014).

Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value.

The following tables illustrate the classification of the Partnership's financial instruments within the fair value hierarchy as at December 31, 2015 and December 31, 2014:

	Assets at fair value as at December 31, 2015 ($)			
	Level 1	Level 2	Level 3	Total
Equities - Long	35,518,260	-	-	35,518,260
Total	**35,518,260**	**-**	**-**	**35,518,260**

	Assets at fair value as at December 31, 2014 ($)			
	Level 1	Level 2	Level 3	Total
Equities - Long	28,265,906	-	-	28,265,906
Total	**28,265,906**	**-**	**-**	**28,265,906**

No financial instruments within the fair value hierarchy as at December 31, 2015 and December 31, 2014 were classified as liabilities.

Fair value is classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, the instrument is reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

6. REDEEMABLE UNITS

The Partnership is permitted to issue an unlimited number of redeemable units issuable in Class A, Class B, Class BN and Class F, having such terms and conditions as the Manager may determine. Additional classes may be offered in future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a class represents an undivided ownership interest in the net assets of the Partnership attributable to that class of units.

The Partnership endeavors to invest capital in appropriate investments in conjunction with its investment objectives. The Partnership maintains sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

Units of the Partnership are available in multiple classes as outlined below. The principal differences between the classes of units relate to the management fee and performance fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. All units are entitled to participate in the Partnership's liquidation of assets on a class basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable class of units being redeemed, determined at the close of business on the day the redemption request is submitted.

Class A Units are available to all investors who meet eligibility requirements and who invest a minimum of $5,000.

Class B and Class BN Units are available to all investors who meet eligibility requirements and who invest a minimum of $1,000,000.

Class F Units are available to investors who meet eligibility requirements and who invest a minimum of $5,000, who participate in fee-based programs through their dealer and whose dealer has signed a Class F Agreement with the Manager, investors for whom the Partnership does not incur distribution costs, or individual investors approved by the Manager.

The number of units issued and outstanding for the year ended December 31, 2015 was as follows:

Year ended December 31, 2015	Balance, Beginning of Year	Units Issued	Units Reinvested	Units Redeemed	Balance, End of Year
Class A Units	3,667	1,979	-	2,000	3,646
Class B Units	44,841	-	-	-	44,841
Class BN Units	120,467	89	-	18,000	102,556
Class F Units	32,187	18,866	-	3,350	47,703

The number of units issued and outstanding for the year ended December 31, 2014 was as follows:

Year ended December 31, 2014	Balance, Beginning of Year	Units Issued	Units Reinvested	Units Redeemed	Balance, End of Year
Class A Units	3,001	666	-	-	3,667
Class B Units	20,000	24,841	-	-	44,841
Class BN Units	135,542	12,425	-	27,500	120,467
Class F Units	20,025	24,768	-	12,606	32,187

In accordance with the Limited Partnership Agreement, the General Partner contributed $100 to the Partnership. No units were issued to the General Partner in exchange for this contribution. Net profit and loss of the Partnership is allocated to the General Partner in accordance with its proportionate allocation which is 0.001%. In the event of liquidation, the General Partner is subordinate to the limited partners.

7. TAXATION

The Partnership calculates its taxable income and net capital gains/(losses) in accordance with the Income Tax Act (Canada). The Partnership is not a taxable entity and is required to allocate its taxable income and net capital gains/(losses) to its limited partners in accordance with the Limited Partnership Agreement. Accordingly, the Partnership has not included a provision for taxes in the financial statements.

The taxation year-end for the Partnership is December 31.

8. MANAGEMENT FEES, PERFORMANCE FEES AND EXPENSES

The Partnership's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a Valuation Date) or on such other date as determined by the Manager (an Additional Pricing Date). Pursuant to the Limited Partnership Agreement, the Partnership agreed to pay management fees to the Manager, calculated and accrued on each Valuation Date and paid monthly.

The annual management fees rate of the respective classes of units are as follows:

Class A Units	2.00%
Class F Units	1.00%
Class B Units	0.75% from inception date to June 30, 2014; nil thereafter
Class BN Units	1.75% from inception date to June 30, 2014; 1.00% thereafter

The Manager is entitled to receive a performance fee to be calculated and accrued on each Valuation Date and Additional Pricing Date for Class A, Class B and Class F Units and paid monthly. The Performance Fee is equal to (a) 10% of the amount by which the NAV per Unit of the class on the Valuation Date or Additional Pricing Date (including the effect of any declared distributions on said Valuation Date or Additional Pricing Date and adjusted to exclude the accrual of the Performance Fee) exceeds the High Water Mark, multiplied by (b) the number of Units of that class outstanding on such Valuation Date or Additional Pricing Date, prior to giving effect to subscriptions, redemptions and distributions re-invested on such date.

All Performance Fees payable by the Partnership to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable class of Units in the calculation of the NAV of such class of Units.

For each class of Units, a high water mark (High Water Mark) will be calculated for use in the determination of the Performance Fee. The highest NAV per Unit (minus the effect of any declared distributions since the Valuation Date or Additional Pricing Date at which the last Performance Fee became payable) for each class of Units, upon which a Performance Fee was paid, establishes a High Water Mark for each class of Units which must be exceeded subsequently for the Performance Fee applicable to each class of Units to be payable. At inception of each class of units to which a performance fee may be applicable the High Water Mark will be the initial NAV per Unit of the class of Units.

In addition, the Manager will be reimbursed for any operating expenses it incurs on behalf of the Partnership, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the Independent Review Committee, bank charges, the cost of financial reporting, and all related sales taxes. GST and HST paid by the Partnership on its expenses is not recoverable. The Manager also provides key management personnel to the Partnership. The Manager may charge the Partnership for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Partnership. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a mark up or administration fee. The Manager may absorb fund operating expenses at its discretion but is under no obligation to do so.

9. SOFT DOLLARS

A portion of the brokerage commissions (referred to as soft dollars) paid by the Partnership on securities purchases and sales to dealers (generally full service dealers) represents fees for goods and services, in the form of proprietary research, provided to the Manager by the dealer which are in addition to order execution services. The Manager may choose to effect portfolio transactions with dealers who provide research, statistical and other similar services to the Partnership or to the Manager at prices which reflect such services. The Manager may direct trades to a dealer in exchange for 'in-house' proprietary research. The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services.

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, performance fees and operating expense reimbursements that were paid to the Manager by the Partnership during the periods ended December 31, 2015 and December 31, 2014. The table includes the amount of operating expense reimbursement that was paid to affiliates of the Manager for administrative services provided in managing the day-to-day operation of the Partnership. All of the dollar amounts in the table below exclude applicable GST or HST.

Year ended	Management Fees ($)	Performance Fees ($)	Operating and Organizational Expense Reimbursement ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
December 31, 2015	138,711	55,648	86,787	4,261
December 31, 2014	176,141	76,902	72,149	4,456

The Partnership owed the following amounts to the Manager as at December 31, 2015 and December 31, 2014, excluding the applicable HST or GST:

As at	Management Fees ($)	Performance Fees ($)	Operating Expense Reimbursement ($)	Organizational Expenses ($)
December 31, 2015	11,496	-	7,254	28,148
December 31, 2014	11,177	-	6,140	43,024

The Manager, its officers and directors (Related Parties) may invest in units of the Partnership from time to time in the normal course of business. All such transactions are measured at NAV per unit. As at December 31, 2015, two Related Parties owned 70% of the net assets of the Partnership. As at December 31, 2014, two Related Parties owned 80% of the net assets of the Partnership.

11. LOAN FACILITY

The Partnership has a margin and security agreement with a Canadian chartered bank (Bank) for the operation of a loan facility (Loan Facility). During the year, the rate of interest payable on borrowed money was a floating rate based on either the London Interbank Offered Rate or the Canadian Dollar Offered Rate plus a negotiated basis points rate of up to 1% based on the size of the Loan Facility.

The rates are subject to change upon 30 days notice. The Bank may reduce or cancel the Loan Facility or require the Partnership to provide additional margin in the form of cash or securities without notice at any time. The total amount of interest paid during the year ending December 31, 2015 was $196,311 (2014: $94,945).

The Loan Facility is repayable on demand. The securities held with the Bank form collateral for the Loan Facility.

As at December 31, 2015, the Partnership was borrowing $18,318,527 (December 31, 2014: $13,603,807).

The Partnership borrowed a minimum of $2,898,271 and a maximum of $18,703,443 under the Loan Facility in 2015 (2014: minimum of $4,107,517 and maximum of $14,844,979).

12. RECONCILIATION OF NAV PER UNIT AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The NAV per Unit is higher than the net assets attributable to holders of redeemable units per unit because of the difference in the treatment of organizational expenses. Such expenses were recorded in full in the financial statements for the year ended December 31, 2012 but are deducted from NAV on a monthly basis over a five year period for purposes of unitholder transactions. Therefore, the NAV per Unit is higher than net assets attributable to holders of redeemable units per unit.

The following tables provide a comparison of NAV per unit and net assets attributable to holders of redeemable units as at December 31, 2015 and December 31, 2014.

As at December 31, 2015

Class	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Class A	83.28	83.14
Class B	87.36	87.21
Class BN	90.33	90.19
Class F	85.81	85.68

As at December 31, 2014

Class	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Class A	78.19	77.97
Class B	80.51	80.41
Class BN	83.43	83.17
Class F	79.83	79.63

13. SUBSEQUENT EVENTS

On March 1, 2016 the offering memorandum was amended such that class BN was renamed Series M and Class B was renamed Series P. Class A and Class F became Series A and Series F, respectively, and the minimum investment amount was reduced from $5,000 to $2,500. The Partnership also added series O, which will be available to institutional investors having a minimum investment of $500,000 and which has negotiable management fees.

Statement of Corporate Governance Practices

Canadian securities law requires certain reporting issuers to publish specific disclosure concerning their corporate governance practices. Even though the Partnership is not a reporting issuer, the Manager has established an Independent Review Committee consisting of three members appointed to provide independent advice to assist the Manager in performing its services and to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Partnership.

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