



SEMI-ANNUAL  
REPORT

2016

LOW VOLATILITY U.S. EQUITY INCOME FUND

  
ASSET MANAGEMENT

## Low Volatility U.S. Equity Income Fund

### Letter to Unitholders

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

During the six months ended June 30, 2016, the Fund paid cash distributions of \$0.29 per unit. The net asset value per unit decreased from \$10.99 at December 31, 2015 to \$10.26 at June 30, 2016. The total return of the Fund, including reinvestment of distributions, was negative 4.0 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 loss on options of \$0.03 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, 2016 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, 2016, cash distributions of \$0.29 per unit were paid to unitholders.

Since the inception on March 13, 2013, the Fund has paid total cash distributions of \$2.29 per unit.

##### Revenue and Expenses

For the six months ended June 30, 2016, the Fund's total revenue was \$0.11 per unit compared to \$0.14 per unit in the prior year. Overall expenses decreased \$0.07 million or 25.2 percent compared to the same period last year. However, total expenses per unit increased by \$0.03 per unit to \$0.24 per unit mainly due to a decreased number of units outstanding during the period. The Fund had a net realized and unrealized loss of \$0.32 per unit in the first half of 2016 as compared to a net realized and unrealized loss of \$0.01 per unit a year earlier.

##### Net Asset Value

The net asset value per unit of the Fund decreased 6.6 percent from \$10.99 at December 31, 2015 to \$10.26 at June 30, 2016. The total net asset value of the Fund decreased \$0.64 million, from \$9.53 million at December 31, 2015 to \$8.89 million at June 30, 2016, reflecting a decrease in net assets attributable to equity holders of \$0.39 million and cash distributions of \$0.25 million during the period.

#### Recent Developments

There were no recent developments pertaining to the Fund during the semi-annual period ending June 30, 2016.

### Management Report of Fund Performance

#### 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 from its inception on March 13, 2013.

Information for the period ended June 30, 2016 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2016
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 10.99</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.11
Total expenses	(0.24)
Realized gain (loss) for the period	(0.02)
Unrealized gain (loss) for the period	(0.30)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>(0.45)</b>
DISTRIBUTIONS	
From capital gains	-
Non-taxable distributions	(0.29)
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.29)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 10.25</b>

(1) All per unit figures presented are referenced to net assets determined in accordance with IFRS and are derived from the Fund's unaudited financial statements for the six months ended June 30, 2016 and the annual audited financial statements for the years ended December 31, 2015 and 2014. Net assets per unit 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.

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

Six months ended  
June 30, 2016

### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	\$ 8.89
Number of units outstanding	867,508
Management expense ratio <sup>(1)</sup>	4.06% <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	279.59%
Trading expense ratio <sup>(3)</sup>	0.52% <sup>(4)</sup>
Net Asset Value per unit <sup>(5)</sup>	\$ 10.26
Closing market price	\$ 10.00

(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 2016, 2015, 2014 and 2013, excluding withholding taxes, is 3.73%, 3.00%, 3.05%, 2.73%, and 2.54% 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.

(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.

Management Report of Fund Performance

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

As a result of the adoption of International Financial Reporting Standards ("IFRS"), for June 30, 2016, December 31, 2015, 2014 and 2013, the net assets per unit presented in the financial statements and the net asset value per unit calculated weekly are both valued at closing prices.

	2015	Periods ended December 31 2014	2013 <sup>(4)</sup>
\$	11.33	\$ 10.97	\$ 9.33 <sup>(5)</sup>
	0.26	0.28	0.16
	(0.41)	(0.38)	(0.25)
	1.43	1.92	0.61
	(1.23)	(0.58)	1.51
	0.05	1.24	2.03
	(0.41)	(0.67)	(0.23)
	(0.20)	(0.35)	(0.14)
	(0.61)	(1.02)	(0.37)
\$	10.99	\$ 11.33	\$ 10.97

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

(4) For the period from inception on March 13, 2013 to December 31, 2013.

(5) Initial issue price, net of agent fees and issue costs.

	2015	Periods ended December 31 2014	2013 <sup>(6)</sup>
\$	9.53	\$ 14.62	\$ 23.43
	867,508	1,289,533	2,135,000
	3.35%	3.10%	2.82% <sup>(4)</sup>
	369.11%	473.12%	223.06%
	0.36%	0.35%	0.33% <sup>(4)</sup>
	10.99	11.33	\$ 10.97
\$	10.37	\$ 11.00	\$ 10.45

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

(4) Annualized.

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

(6) For the period from inception on March 13, 2013 to December 31, 2013.

# 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

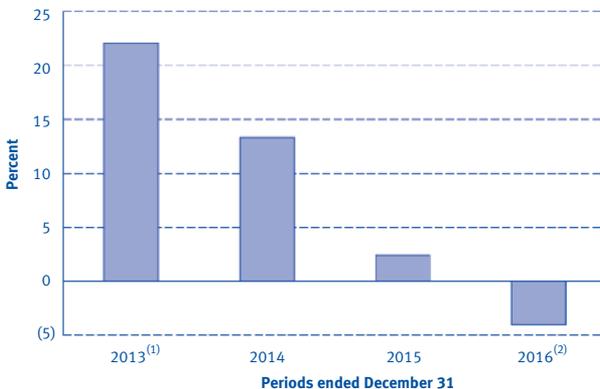
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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 the past three years and for the six months ended June 30, 2016. The chart also shows, in percentage terms, how much an investment made on January 1 or the date of inception on March 13, 2013 would have increased or decreased by the end of the fiscal year or June 30, 2016 for the six months ended.

### Annual 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, 2016.

#### Portfolio Manager Report

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

As at June 30, 2016, the net asset value (“NAV”) per unit of the Fund was \$10.26 compared to \$10.99 at December 31, 2015. Unitholders received regular cash distributions of \$0.29 per unit during the period. The Fund’s units, listed on the Toronto Stock Exchange as LVU.UN, closed on June 30, 2016 at \$10.00 per unit, which represents a 2.5 percent discount to the NAV.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2016 was negative 4.0 percent. The net change in value of investments was negatively impacted by the weaker U.S. dollar, which declined 6.1 percent against the Canadian dollar during the period. The best performing stock within the portfolio was Johnson & Johnson, up 19.8 percent over the period. The stock rallied considerably during the period after reporting better than expected earnings results helped by prescription medicine sales. At the other end of the spectrum, The Boeing Company was the laggard, down 16.8 percent while held in the Fund due to weaker earnings as compared to a year earlier as well as an investigation from U.S. Securities and Exchange Commission into the Company’s accounting practices.

Volatility levels for U.S. equities remained at the lower end of their historical range for most of the period. The covered call writing activity was opportunistic over the period with an average of 7.5 percent of the portfolio subject to covered calls. The net realized gain on options was \$0.08 per unit for the first six months of 2016. Due to concerns surrounding “Brexit”, the Fund maintained a slightly higher average cash position of 7.5 percent during the period and ended with a cash position of 15.7 percent compared to 4.5 percent at the end of 2015. 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.

# Low Volatility U.S. Equity Income Fund

## Management Report of Fund Performance

### Summary of Investment Portfolio

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

### Asset Mix

June 30, 2016

	% of Net Asset Value
Consumer Staples	23.9 %
Cash	15.7 %
Industrials	12.6 %
Health Care	12.5 %
Energy	11.3 %
Consumer Discretionary	6.7 %
Materials	6.4 %
Information Technology	5.8 %
Telecommunication Services	4.3 %
Financials	1.5 %
Other Assets (Liabilities)	(0.7)%
	100.0 %

Management Report of Fund Performance

Top 25 Holdings

June 30, 2016

	% of Net Asset Value
Cash	15.7 %
Chevron Corporation	8.3 %
Raytheon Company	5.1 %
Walgreens Boots Alliance, Inc.	5.1 %
Lockheed Martin Corporation	5.1 %
Costco Wholesale Corporation	5.1 %
Altria Group, Inc.	4.8 %
Amazon.com, Inc.	4.6 %
AT&T Inc.	4.3 %
Intel Corporation	4.1 %
The Procter & Gamble Company	4.1 %
Johnson & Johnson	4.1 %
Monsanto Company	3.5 %
UnitedHealth Group Incorporated	3.3 %
Merck & Co., Inc.	3.1 %
Wal-Mart Stores, Inc.	3.1 %
Schlumberger Limited	3.0 %
The Dow Chemical Company	2.9 %
Lowe's Companies Inc.	2.1 %
Bristol-Myers Squibb Company	2.0 %
Mondelez International, Inc.	1.7 %
QUALCOMM Incorporated	1.7 %
BlackRock, Inc.	1.5 %
United Technologies Corporation	1.5 %
Norfolk Southern Corporation	0.9 %

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, 2015.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The 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 4, 2016

**Notice to Unitholders**

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

# Low Volatility U.S. Equity Income Fund

## Condensed Financial Statements

### Statements of Financial Position

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

	Note	June 30, 2016	Dec. 31, 2015
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	\$ 7,560,261	\$ 9,433,967
Derivative assets	2	48,728	–
Dividends receivable		10,570	9,606
Cash		1,399,458	429,805
<b>TOTAL ASSETS</b>		<b>9,019,017</b>	<b>9,873,378</b>
<b>LIABILITIES</b>			
Derivative liabilities	2	71,335	185,796
Accrued liabilities		43,038	54,539
Accrued management fees	5	7,305	8,104
Due to brokers - investments		3,923	95,171
<b>TOTAL LIABILITIES</b>		<b>125,601</b>	<b>343,610</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>\$ 8,893,416</b>	<b>\$ 9,529,768</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT</b>		<b>\$ 10.2517</b>	<b>\$ 10.9852</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	2016	2015
<b>INCOME</b>			
Dividend income		\$ 98,818	\$ 178,332
Net realized gain/(loss) on investments at fair value through profit or loss	3	(366,012)	2,715,948
Net realized gain/(loss) on options at fair value through profit or loss	3	70,645	(28,345)
Net realized gain/(loss) on forward exchange contracts at fair value through profit or loss	3	278,370	(1,402,649)
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(259,659)	(1,298,205)
<b>TOTAL INCOME/(LOSS), NET</b>		<b>(177,838)</b>	165,081
<b>EXPENSES</b>			
Management fees	5	45,139	70,526
Service fees		17,302	28,863
Administrative and other expenses		33,046	41,431
Transaction fees	6	23,422	28,962
Custodian fees		28,057	30,281
Audit fees		14,585	14,505
Advisory board fees	5	10,200	9,600
Independent review committee fees	5	3,410	3,509
Legal fees		2,247	3,005
Unitholder reporting costs		5,305	6,790
Harmonized sales tax		9,407	12,154
Withholding taxes		14,669	26,811
<b>TOTAL EXPENSES</b>		<b>206,789</b>	276,437
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>	7	<b>\$ (384,627)</b>	\$ (111,356)
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>	7	<b>\$ (0.4434)</b>	\$ (0.0864)

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, 2016 (Unaudited)

	Unit Capital	Retained Earnings	Total
<b>BALANCE AT JANUARY 1, 2015</b>	<b>\$ 12,024,895</b>	<b>\$ 2,591,362</b>	<b>\$ 14,616,257</b>
<b>Increase in Net Assets Attributable to Equity Holders</b>	–	61,909	61,909
<b>Distributions</b>			
From capital gains	–	(451,594)	(451,594)
Non-taxable distributions	–	(249,631)	(249,631)
<b>Value for units redeemed</b>	<b>(3,935,383)</b>	<b>(511,790)</b>	<b>(4,447,173)</b>
<b>BALANCE AT DECEMBER 31, 2015</b>	<b>\$ 8,089,512</b>	<b>\$ 1,440,256</b>	<b>\$ 9,529,768</b>
<b>Decrease in Net Assets Attributable to Equity Holders</b>		(384,627)	(384,627)
<b>Distributions</b>			
Non-taxable distributions		(251,725)	(251,725)
<b>BALANCE AT JUNE 30, 2016</b>	<b>\$ 8,089,512</b>	<b>\$ 803,904</b>	<b>\$ 8,893,416</b>

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

Condensed Financial Statements

Statements of Cash Flows

For the six months ended June 30 (Unaudited)

	2016	2015
CASH, BEGINNING OF YEAR	\$ 429,805	\$ 200,648
<b>Cash Flows Provided by (Used In) Operating Activities</b>		
Decrease in Net Assets Attributable to Equity Holders	<b>(384,627)</b>	(111,356)
<b>Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities</b>		
Net realized (gain)/loss on investments at fair value through profit or loss	<b>366,012</b>	(2,715,948)
Net realized (gain)/loss on options at fair value through profit or loss	<b>(70,645)</b>	28,345
Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss	<b>(278,370)</b>	1,402,649
Net change in unrealized gain/loss on investments at fair value through profit or loss	<b>259,659</b>	1,298,205
Net change in unrealized gain/loss on foreign cash	<b>6,672</b>	2,613
Increase in dividends receivable and due from brokers - investments	<b>(964)</b>	(823,777)
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments	<b>(103,548)</b>	306,060
Purchase of investment securities	<b>(23,000,206)</b>	(28,807,310)
Proceeds from disposition of investment securities	<b>24,427,395</b>	30,023,960
	<b>1,606,005</b>	714,797
<b>Cash Flows Used in Financing Activities</b>		
Unit distributions	<b>(251,725)</b>	(398,440)
<b>Net Increase in Cash during the Period</b>	<b>969,653</b>	205,001
CASH, END OF PERIOD	\$ 1,399,458	\$ 405,649
Dividends received, net of withholding taxes	\$ 83,185	\$ 148,627

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

## Low Volatility U.S. Equity Income Fund

### Schedule of Investments

As at June 30, 2016 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Equity Holders
<b>INVESTMENTS</b>				
<b>United States Common Shares</b>				
<b>Consumer Discretionary</b>				
Amazon.com, Inc.	445	\$ 342,188	\$ 413,573	
Lowe's Companies Inc.	1,800	178,111	185,073	
<b>Total Consumer Discretionary</b>		520,299	598,646	6.7 %
<b>Consumer Staples</b>				
Altria Group, Inc.	4,800	399,867	429,881	
Costco Wholesale Corporation	2,200	438,999	448,686	
Mondelez International, Inc.	2,600	148,527	153,670	
The Procter & Gamble Company	3,300	350,675	362,871	
Walgreens Boots Alliance, Inc.	4,200	445,020	454,200	
Wal-Mart Stores, Inc.	2,900	265,825	275,010	
<b>Total Consumer Staples</b>		2,048,913	2,124,318	23.9 %
<b>Energy</b>				
Chevron Corporation	5,400	693,900	735,171	
Schlumberger Limited	2,600	263,588	267,023	
<b>Total Energy</b>		957,488	1,002,194	11.3 %
<b>Financials</b>				
BlackRock, Inc.	300	133,964	133,453	1.5 %
<b>Health Care</b>				
Bristol-Myers Squibb Company	1,900	170,896	181,487	
Johnson & Johnson	2,300	322,550	362,325	
Merck & Co., Inc.	3,700	272,263	276,827	
UnitedHealth Group Incorporated	1,600	266,531	293,403	
<b>Total Health Care</b>		1,032,240	1,114,042	12.5 %
<b>Industrials</b>				
Lockheed Martin Corporation	1,400	396,052	451,218	
Norfolk Southern Corporation	700	76,136	77,391	
Raytheon Company	2,600	419,364	459,052	
United Technologies Corporation	1,000	130,131	133,182	
<b>Total Industrials</b>		1,021,683	1,120,843	12.6 %
<b>Information Technology</b>				
Intel Corporation	8,600	353,800	366,338	
QUALCOMM Incorporated	2,100	152,636	146,100	
<b>Total Information Technology</b>		506,436	512,438	5.8 %
<b>Materials</b>				
Monsanto Company	2,300	273,715	308,887	
The Dow Chemical Company	4,000	276,286	258,234	
<b>Total Materials</b>		550,001	567,121	6.4 %
<b>Telecommunication Services</b>				
AT&T Inc.	6,900	356,475	387,206	4.3 %
<b>Total United States Common Shares</b>		\$ 7,127,499	\$ 7,560,261	85.0 %

**Schedule of Investments**

As at June 30, 2016 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets Attributable to Equity Holders
<b>Forward Exchange Contracts</b>				
Bought USD \$2,071,000, Sold CAD \$2,713,880 @ 0.76311 - July 5, 2016			\$ (24,320)	
Bought USD \$1,365,000, Sold CAD \$1,778,213 @ 0.76762 - July 5, 2016			(5,520)	
Sold USD \$4,675,000, Bought CAD \$6,120,043 @ 0.76388 - July 5, 2016			48,728	
Sold USD \$2,150,000, Bought CAD \$2,774,231 @ 0.77499 - July 20, 2016			(17,750)	
<b>Total Forward Exchange Contracts</b>			<b>\$ 1,138</b>	<b>0.0 %</b>
<b>Options</b>				
<b>Written Covered Call Options</b> (100 shares per contract)				
Amazon.com, Inc. - July 2016 @ \$685	(1)	\$ (4,803)	\$ (6,718)	
Intel Corporation - July 2016 @ \$32	(43)	(3,027)	(5,919)	
Schlumberger Limited - July 2016 @ \$75	(7)	(2,570)	(4,500)	
The Procter & Gamble Company - July 2016 @ \$82	(8)	(1,521)	(3,507)	
United Technologies Corporation - July 2016 @ \$100	(8)	(2,260)	(3,101)	
<b>Total Options</b>		<b>\$ (14,181)</b>	<b>\$ (23,745)</b>	<b>(0.2)%</b>
Adjustment for transaction fees		(1,890)		
<b>TOTAL INVESTMENTS</b>		<b>\$ 7,111,428</b>	<b>\$ 7,537,654</b>	<b>84.8 %</b>
<b>OTHER NET ASSETS</b>			<b>1,355,762</b>	<b>15.2 %</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>			<b>\$ 8,893,416</b>	<b>100.0 %</b>

# Low Volatility U.S. Equity Income Fund

## Notes to Condensed Financial Statements

June 30, 2016 (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, 2015.

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

These condensed financial statements were approved by the Board of Advisors on August 4, 2016

### 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, 2015.

#### Credit Risk

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

#### Liquidity Risk

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

	As at June 30, 2016 Financial Liabilities		
	On Demand	< 3 months	Total
Derivative liabilities	\$ -	\$ 71,335	\$ 71,335
Accrued liabilities	-	43,038	43,038
Accrued management fees	-	7,305	7,305
Due to brokers - investments	-	3,923	3,923
	\$ -	\$ 125,601	\$ 125,601

	As at December 31, 2015 Financial Liabilities		
	On Demand	< 3 months	Total
Derivative liabilities	\$ -	\$ 185,796	\$ 185,796
Due to brokers - investments	-	95,171	95,171
Accrued liabilities	-	54,539	54,539
Accrued management fees	-	8,104	8,104
	\$ -	\$ 343,610	\$ 343,610

#### Market Risk

##### (a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2016 and December 31, 2015 in Canadian dollar terms, and the notional amounts of foreign

## Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

exchange forward contracts. The table also illustrates the potential impact on the net assets attributable to equity holders if the Canadian dollar had strengthened or weakened by 5 percent in relation to each of the other currencies, with all other variables held constant.

As at June 30, 2016  
U.S. Currency Exposure

	U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(3,032,880)	\$ 7,536,516	\$ 4,503,636	\$ (151,644)	\$ 376,826	\$ 225,182
% of Net Assets Attributable to Equity Holders	(34)%	85%	51%	(2)%	4%	2%

As at December 31, 2015  
U.S. Currency Exposure

	U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(4,444,295)	\$ 9,427,451	\$ 4,983,156	\$ (222,215)	\$ 471,373	\$ 249,158
% of Net Assets Attributable to Equity Holders	(47)%	99%	52%	(2)%	5%	3%

### (b) Price Risk

Approximately 85 percent (December 31, 2015 - 99 percent) of the Fund's net assets attributable to equity holders held at June 30, 2016 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2016, the net assets attributable to equity holders would have increased or decreased by \$0.4 million (December 31, 2015 - \$0.5 million) respectively or 4.3 percent (December 31, 2015 - 4.9 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.

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2016	Dec. 31, 2015
Consumer Staples	28.1%	20.2%
Industrials	14.8%	8.5%
Health Care	14.7%	12.7%
Energy	13.3%	-
Consumer Discretionary	7.9%	21.4%
Materials	7.5%	-
Information Technology	6.8%	23.7%
Telecommunication Services	5.1%	2.5%
Financials	1.8%	11.0%
	100.0%	100.0%

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

#### Fair Value Measurement

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

	As at June 30, 2016			Total
	Level 1	Level 2	Level 3	
United States Common Shares	\$ 7,560,261	\$ -	\$ -	\$ 7,560,261
Forward Exchange Contracts	-	1,138	-	1,138
Options	(23,745)	-	-	(23,745)
	\$ 7,536,516	\$ 1,138	\$ -	\$ 7,537,654

	As at December 31, 2015			Total
	Level 1	Level 2	Level 3	
Non-North American Common Shares	\$ 245,754	\$ -	\$ -	\$ 245,754
United States Common Shares	9,188,213	-	-	9,188,213
Forward Exchange Contracts	-	(179,280)	-	(179,280)
Options	(6,516)	-	-	(6,516)
	\$ 9,427,451	\$ (179,280)	\$ -	\$ 9,248,171

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2016 and during the year ended December 31, 2015.

#### 3. Financial Instruments by Category

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

	As at June 30, 2016			Total
	Financial Instruments at Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	
<b>Assets</b>				
Non-derivative financial assets	\$ 7,560,261	\$ -	\$ -	\$ 7,560,261
Derivative assets	-	48,728	-	48,728
Cash	-	-	1,399,458	1,399,458
Dividends receivable	-	-	10,570	10,570
	\$ 7,560,261	\$ 48,728	\$ 1,410,028	\$ 9,019,017
<b>Liabilities</b>				
Derivative liabilities	\$ -	\$ 71,335	\$ -	\$ 71,335
Accrued liabilities	-	-	43,038	43,038
Accrued management fees	-	-	7,305	7,305
Due to brokers - investments	-	-	3,923	3,923
	\$ -	\$ 71,335	\$ 54,266	\$ 125,601

Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

	As at December 31, 2015		Financial Instruments		Total
	Financial Instruments at FVTPL		at Amortized Cost		
	Designated at Inception	Held for Trading			
<b>Assets</b>					
Non-derivative financial assets	\$ 9,433,967	\$ -	\$ -	\$ -	\$ 9,433,967
Dividends receivable	-	-	-	9,606	9,606
Cash	-	-	-	429,805	429,805
	\$ 9,433,967	\$ -	\$ 439,411	\$ -	\$ 9,873,378
<b>Liabilities</b>					
Derivative liabilities	\$ -	\$ 185,796	\$ -	\$ -	\$ 185,796
Due to brokers - investments	-	-	-	95,171	95,171
Accrued liabilities	-	-	-	54,539	54,539
Accrued management fees	-	-	-	8,104	8,104
	\$ -	\$ 185,796	\$ 157,814	\$ -	\$ 343,610

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

	June 30, 2016	June 30, 2015
<b>Net Realized Gain/(Loss) on Financial Instruments at FVTPL</b>		
Designated at Inception	\$ (366,012)	\$ 2,715,948
Held for Trading	349,015	(1,430,994)
	(16,997)	1,284,954
<b>Net Change in Unrealized Gain/(Loss) on Financial Instruments at FVTPL</b>		
Designated at Inception	(432,679)	(1,397,007)
Held for Trading	173,020	98,802
	(259,659)	(1,298,205)
<b>Net Loss on Financial Instruments at FVTPL</b>	<b>\$ (276,656)</b>	<b>\$ (13,251)</b>

#### 4. Units

For the six months ended June 30, 2016, cash distributions paid to unitholders were \$251,725 (June 30, 2015 - \$398,440) representing a payment of \$0.29 (June 30, 2015 - \$0.31) per unit.

During the six months ended June 30, 2016 and 2015, nil units were redeemed.

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

	June 30, 2016	Dec. 31, 2015
Units outstanding, beginning of year	867,508	1,289,533
Units redeemed	-	(422,025)
Units outstanding, end of period	867,508	867,508

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

#### 5. Related Party Transactions

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##### (a) Management Fees

Total management fees for the six months ended June 30, 2016 were 45,139 (June 30, 2015 - \$70,526).

##### (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, 2016 were \$10,200 (June 30, 2015 - \$9,600).

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

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

#### 6. Brokerage Commissions and Soft Dollars

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

	June 30, 2016	June 30, 2015
Soft Dollars	\$ 3,767	\$ 10,423
Percentage of Total Transaction Fees	16.1%	36.0%

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

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

	June 30, 2016	June 30, 2015
Decrease in Net Assets Attributable to Equity Holders	\$ (384,627)	\$ (111,356)
Weighted Average Number of Units Outstanding during the Period	867,508	1,289,533
Decrease in Net Assets Attributable to Equity Holders per Unit	\$ (0.4434)	\$ (0.0864)

### 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)

#### MUTUAL FUND

U.S. Tactical Allocation Fund

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