



SEMI-ANNUAL  
REPORT

2017

LOW VOLATILITY U.S. EQUITY INCOME FUND

  
strathbridge  
ASSET MANAGEMENT

## Low Volatility U.S. Equity Income Fund

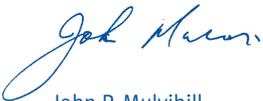
### Letter to Unitholders

We are pleased to present the 2017 semi-annual report containing the management report of fund performance and the unaudited financial statements for Low Volatility U.S. Equity Income Fund (the “Fund”).

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield's declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX (“CBOE Volatility Index”) trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

During the six months ended June 30, 2017, the Fund paid cash distributions of \$0.28 per unit. The net asset value per unit increased from \$10.16 at December 31, 2016 to \$10.37 at June 30, 2017. The total return of the Fund, including reinvestment of distributions, was 4.9 percent for the period. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all unitholders for their continued support and encourage unitholders to review the 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, 2017 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, 2017, cash distributions of \$0.28 per unit were paid to unitholder as compared to \$0.29 per unit last year.

Since the inception on March 13, 2013, the Fund has paid total cash distributions of \$2.85 per unit.

##### Revenue and Expenses

For the six months ended June 30, 2017, the Fund's total revenue was \$0.10 per unit compared to \$0.11 per unit in the prior year. Overall expenses decreased \$0.04 million or 17.4 percent compared to the same period last year. However, total expenses per unit increased by \$0.02 per unit to \$0.26 per unit mainly due to a decreased average number of units outstanding during the period. The Fund had a net realized and unrealized gain of \$0.65 per unit in the first half of 2017 as compared to a net realized and unrealized loss of \$0.32 per unit a year earlier.

##### Net Asset Value

The net asset value per unit of the Fund increase 2.1 percent from \$10.16 at December 31, 2016 to \$10.37 at June 30, 2017. The total net asset value of the Fund increased \$0.14 million, from \$6.62 million at December 31, 2016 to \$6.76 million at June 30, 2017, reflecting an increase in net assets attributable to equity holders of \$0.32 million partially offset by cash distributions of \$0.18 million during the period.

#### Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2017.

### 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, 2017 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2017
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 10.16</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.10
Total expenses	(0.26)
Realized gain (loss) for the period	0.81
Unrealized gain (loss) for the period	(0.16)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.49</b>
DISTRIBUTIONS	
From capital gains	(0.08)
Non-taxable distributions	(0.20)
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.28)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 10.37</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, 2017 and the annual audited financial statements for the years ended December 31, 2016, 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, 2017

#### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	\$ 6.76
Number of units outstanding	651,798
Management expense ratio <sup>(1)</sup>	4.84% <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	197.51%
Trading expense ratio <sup>(3)</sup>	0.21% <sup>(4)</sup>
Net Asset Value per unit <sup>(5)</sup>	\$ 10.37
Closing market price	\$ 10.20

(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 2017, 2016, 2015, 2014 and 2013, excluding withholding taxes, is 4.54%, 3.76%, 3.00%, 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, 2017, December 31, 2016, 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.

		Periods ended December 31			
2016		2015	2014	2013 <sup>(4)</sup>	
\$	10.99	\$ 11.33	\$ 10.97	\$	9.33 <sup>(5)</sup>
	0.23	0.26	0.28		0.16
	(0.47)	(0.41)	(0.38)		(0.25)
	0.12	1.43	1.92		0.61
	(0.21)	(1.23)	(0.58)		1.51
	(0.33)	0.05	1.24		2.03
	–	(0.41)	(0.67)		(0.23)
	(0.57)	(0.20)	(0.35)		(0.14)
	(0.57)	(0.61)	(1.02)		(0.37)
\$	10.16	\$ 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.

		Periods ended December 31			
2016		2015	2014	2013 <sup>(6)</sup>	
\$	6.62	\$ 9.53	\$ 14.62	\$	23.43
	651,798	867,508	1,289,533		2,135,000
	4.09%	3.35%	3.10%		2.82% <sup>(4)</sup>
	516.54%	369.11%	473.12%		223.06%
	0.44%	0.36%	0.35%		0.33% <sup>(4)</sup>
\$	10.16	\$ 10.99	\$ 11.33	\$	10.97
\$	9.86	\$ 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

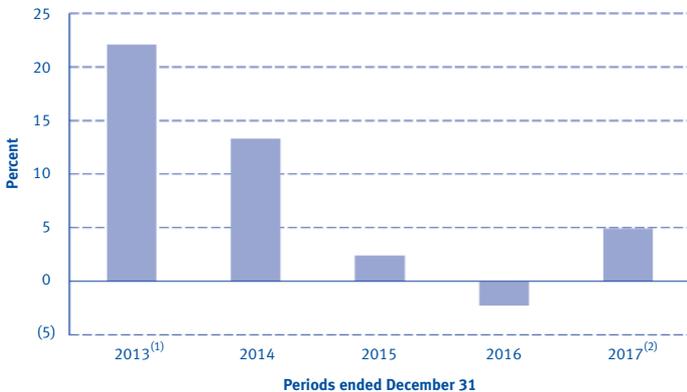
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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 four years and for the six months ended June 30, 2017. 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, 2017 for the six months ended.

### Total Return



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

<sup>(2)</sup> For the six months ended June 30, 2017.

### Portfolio Manager Report

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation, health care and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield's declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX ("CBOE Volatility Index") trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

For the six months ended June 30, 2017, the net asset value ("NAV") per unit of the Fund was \$10.37 compared to \$10.16 at December 31, 2016. Unitholders received regular cash distributions of \$0.28 per unit during the period. The Fund's units, listed on the Toronto Stock Exchange as LVU.UN, closed on June 30, 2017 at \$10.20 per unit, which represents a 1.6 percent discount to the NAV.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2017 was 4.9 percent. The total return for the S&P 100 Equal Weighted Index over the same period was 7.8 percent in U.S. dollar terms and 4.2 percent in Canadian dollar terms. The net change in value of investments was somewhat negatively impacted by the weaker U.S. dollar, which declined 3.5 percent against the Canadian dollar during the period. The best performing stock within the portfolio was The Boeing Company, up 29.1 percent over the period, helped by reporting a 59.0 percent increase in fourth quarter earnings reported on January 25th. At the other end of the spectrum, United Parcel Service, Inc. was the laggard, down 7.7 percent, while held in the Fund, due to weaker fourth quarter earnings reported at the end of January as a stronger U.S. dollar produced a US\$400 million pre-tax charge.

While volatility remained subdued overall, it spiked for a brief period in the middle of April and May before drifting back toward historically low levels. The Fund ended June 30, 2017 with 5.0 percent of the Fund subject to covered calls. The Fund maintained a relatively low average cash position during the period and ended with a cash position of 5.9 percent compared to 3.6 percent at the end of 2016. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 100 percent of the U.S. dollar exposure hedged, helping negate some of the negative impact of the decline in the U.S. dollar versus the Canadian dollar.

# 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, 2017

	% of Net Asset Value
Industrials	26.1%
Financials	17.9%
Health Care	15.9%
Consumer Discretionary	10.9%
Consumer Staples	8.8%
Information Technology	7.8%
Cash	5.9%
Materials	3.0%
Energy	2.8%
Other Assets (Liabilities)	0.9%
	100.0%

Management Report of Fund Performance

Top 25 Holdings

June 30, 2017

	% of Net Asset Value
Cash	5.9%
Amazon.com, Inc.	5.2%
American Express Company	5.0%
General Dynamics Corporation	5.0%
The Allstate Corporation	4.9%
United Technologies Corporation	4.9%
Berkshire Hathaway Inc.	4.9%
Lockheed Martin Corporation	4.8%
UnitedHealth Group Incorporated	4.3%
AbbVie Inc.	4.2%
United Parcel Service, Inc.	4.0%
3M Company	4.0%
The Coca-Cola Company	3.9%
McDonald's Corporation	3.8%
Merck & Co., Inc.	3.8%
Biogen Inc.	3.6%
The Boeing Company	3.4%
MetLife, Inc.	3.1%
Monsanto Company	3.0%
PayPal Holdings, Inc.	2.9%
Alphabet Inc.	2.8%
Colgate-Palmolive Company	2.9%
Exxon Mobil Corporation	2.8%
Apple Inc.	2.1%
Wal-Mart Stores, Inc.	2.0%

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, 2016.

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 8, 2017

**Notice to Unitholders**

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2017 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, 2017 (Unaudited) and December 31, 2016 (Audited)

	Note	June 30, 2017	Dec. 31, 2016
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	\$ 6,300,384	\$ 6,468,521
Derivative assets	2	166,184	4,159
Due from brokers - derivatives		2,790	–
Dividends receivable		3,671	5,775
Cash		399,220	235,895
<b>TOTAL ASSETS</b>		<b>6,872,249</b>	<b>6,714,350</b>
<b>LIABILITIES</b>			
Due to brokers - investments		66,129	–
Accrued liabilities		34,641	38,131
Accrued management fees	5	5,644	5,495
Derivative liabilities	2	3,443	47,640
<b>TOTAL LIABILITIES</b>		<b>109,857</b>	<b>91,266</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>\$ 6,762,392</b>	<b>\$ 6,623,084</b>
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT</b>		<b>\$ 10.3750</b>	<b>\$ 10.1613</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	2017	2016
<b>INCOME</b>			
Dividend income		\$ 67,986	\$ 98,818
Interest income		333	–
Net realized gain/(loss) on investments at fair value through profit or loss	3	656,582	(366,012)
Net realized gain on options at fair value through profit or loss	3	3,460	70,645
Net realized gain/(loss) on forward exchange contracts at fair value through profit or loss	3	(130,615)	278,370
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(102,188)	(259,659)
<b>TOTAL INCOME/(LOSS), NET</b>		<b>495,558</b>	<b>(177,838)</b>
<b>EXPENSES</b>			
Management fees	5	33,752	45,139
Service fees		13,310	17,302
Administrative and other expenses		37,718	33,046
Transaction fees	6	7,256	23,422
Custodian fees		23,319	28,057
Audit fees		13,872	14,585
Advisory board fees	5	10,200	10,200
Independent review committee fees	5	3,750	3,410
Legal fees		2,050	2,247
Unitholder reporting costs		6,477	5,305
Harmonized sales tax		8,866	9,407
Withholding taxes		10,191	14,669
<b>TOTAL EXPENSES</b>		<b>170,761</b>	<b>206,789</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>	7	<b>\$ 324,797</b>	<b>\$ (384,627)</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>	7	<b>\$ 0.4983</b>	<b>\$ (0.4434)</b>

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

## Low Volatility U.S. Equity Income Fund

### Condensed Financial Statements

#### Statements of Changes in Equity

Six months ended June 30, 2017 (Unaudited)

	Unit Capital	Retained Earnings	Total
BALANCE AT JANUARY 1, 2016	\$ 8,089,512	\$ 1,440,256	\$ 9,529,768
Decrease in Net Assets Attributable to Equity Holders	–	(266,186)	(266,186)
<b>Distributions</b>			
Non-taxable distributions	–	(453,328)	(453,328)
Value for units redeemed	(2,011,496)	(175,674)	(2,187,170)
BALANCE AT DECEMBER 31, 2016	\$ 6,078,016	\$ 545,068	\$ 6,623,084
Increase in Net Assets Attributable to Equity Holders	–	324,797	324,797
<b>Distributions</b>			
From capital gains	–	(53,601)	(53,601)
Non-taxable distributions	–	(131,888)	(131,888)
BALANCE AT JUNE 30, 2017	\$ 6,078,016	\$ 684,376	\$ 6,762,392

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

#### Statements of Cash Flows

For the six months ended June 30 (Unaudited)

	2017	2016
CASH, BEGINNING OF YEAR	\$ 235,895	\$ 429,805
<b>Cash Flows Provided by (Used In) Operating Activities</b>		
Increase/(Decrease) in Net Assets Attributable to Equity Holders	324,797	(384,627)
<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	(656,582)	366,012
Net realized gain on options at fair value through profit or loss	(3,460)	(70,645)
Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss	130,615	(278,370)
Net change in unrealized gain/loss on investments at fair value through profit or loss	102,188	259,659
Net change in unrealized gain/loss on foreign cash	842	6,672
Increase in dividends receivable and due from brokers - derivatives	(686)	(964)
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments	62,788	(103,548)
Purchase of investment securities	(12,847,841)	(23,000,206)
Proceeds from disposition of investment securities	13,236,153	24,427,395
	24,017	1,606,005
<b>Cash Flows Used in Financing Activities</b>		
Unit distributions	(185,489)	(251,725)
<b>Net Increase in Cash during the Period</b>	163,325	969,653
CASH, END OF PERIOD	\$ 399,220	\$ 1,399,458
Dividends received, net of withholding taxes	\$ 59,899	\$ 83,185
Interest received	\$ 333	\$ –

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

Schedule of Investments

As at June 30, 2017 (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.	280	\$ 310,399	\$ 352,000	
McDonald's Corporation	1,300	232,501	258,582	
Starbucks Corporation	1,700	133,541	128,736	
<b>Total Consumer Discretionary</b>		676,441	739,318	10.9 %
<b>Consumer Staples</b>				
Colgate-Palmolive Company	2,000	200,179	192,545	
The Coca-Cola Company	4,500	263,371	262,110	
Wal-Mart Stores, Inc.	1,400	147,089	137,600	
<b>Total Consumer Staples</b>		610,639	592,255	8.8 %
<b>Energy</b>				
Exxon Mobil Corporation	1,800	200,346	188,720	2.8 %
<b>Financials</b>				
American Express Company	3,100	300,847	339,148	
Berkshire Hathaway Inc.	1,500	328,834	329,942	
MetLife, Inc.	2,900	206,981	206,917	
The Allstate Corporation	2,900	315,365	333,086	
<b>Total Financials</b>		1,152,027	1,209,093	17.9 %
<b>Health Care</b>				
AbbVie Inc.	3,000	265,553	282,506	
Biogen Inc.	700	260,464	246,691	
Merck & Co., Inc.	3,100	271,228	258,025	
UnitedHealth Group Incorporated	1,200	272,611	288,966	
<b>Total Health Care</b>		1,069,856	1,076,188	15.9 %
<b>Industrials</b>				
3M Company	1,000	250,563	270,377	
General Dynamics Corporation	1,300	301,143	334,455	
Lockheed Martin Corporation	900	327,946	324,479	
The Boeing Company	900	168,936	231,136	
United Parcel Service, Inc.	1,900	277,950	272,884	
United Technologies Corporation	2,100	321,190	333,027	
<b>Total Industrials</b>		1,647,728	1,766,358	26.1 %
<b>Information Technology</b>				
Alphabet Inc.	160	205,835	193,180	
Apple Inc.	750	119,599	140,279	
PayPal Holdings, Inc.	2,800	176,239	195,164	
<b>Total Information Technology</b>		501,673	528,623	7.8 %
<b>Materials</b>				
Monsanto Company	1,300	191,075	199,829	3.0 %
<b>Total United States Common Shares</b>		\$ 6,049,785	\$ 6,300,384	93.2 %

## Low Volatility U.S. Equity Income Fund

### Schedule of Investments

As at June 30, 2017 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets Attributable to Equity Holders
<b>Forward Exchange Contracts</b>				
Sold USD \$2,500,000, Bought CAD \$3,368,400 @ 0.74219 - July 19, 2017			\$ 122,863	
Sold USD \$1,250,000, Bought CAD \$1,650,650 @ 0.75728 - August 16, 2017			28,604	
Sold USD \$1,290,000, Bought CAD \$1,688,649 @ 0.76392 - August 16, 2017			14,717	
<b>Total Forward Exchange Contracts</b>			\$ 166,184	2.5 %
<b>Options</b>				
<b>Written Covered Call Options</b> (100 shares per contract)				
Exxon Mobil Corporation - July 2017 @ \$83	(18)	\$ (2,651)	\$ (1,403)	
General Dynamics Corporation - August 2017 @ \$200	(6)	(2,790)	(2,040)	
<b>Total Written Covered Call Options</b>		(5,441)	(3,443)	(0.1)%
<b>Total Options</b>		\$ (5,441)	\$ (3,443)	(0.1)%
Adjustment for transaction fees		(1,204)		
<b>TOTAL INVESTMENTS</b>		\$ 6,043,140	\$ 6,463,125	95.6 %
<b>OTHER NET ASSETS</b>			299,267	4.4 %
<b>NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS</b>			\$ 6,762,392	100.0 %

## 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, 2016.

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, 2016.

These condensed financial statements were approved by the Board of Advisors on August 8, 2017

## 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, 2016.

### Credit Risk

During the periods ended June 30, 2017 and December 31, 2016, 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, 2017		
	Financial Liabilities		Total
	On Demand	< 3 months	
Due to brokers - investments	\$ –	\$ 66,129	\$ 66,129
Accrued liabilities	–	34,641	34,641
Accrued management fees	–	5,644	5,644
Derivative liabilities	–	3,443	3,443
	\$ –	\$ 109,857	\$ 109,857

	As at December 31, 2016		
	Financial Liabilities		Total
	On Demand	< 3 months	
Derivative liabilities	\$ –	\$ 47,640	\$ 47,640
Accrued liabilities	–	38,131	38,131
Accrued management fees	–	5,495	5,495
	\$ –	\$ 91,266	\$ 91,266

### Market Risk

#### (a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2017 and December 31, 2016 in Canadian dollar terms, and the notional amounts of forward

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

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

As at June 30, 2017 U.S. Currency Exposure						
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(6,432,734)	\$ 6,233,602	\$ (199,132)	\$ (321,637)	\$ 311,680	\$ (9,957)
% of Net Assets Attributable to Equity Holders	(95)%	92%	(3)%	(5)%	5%	0%

As at December 31, 2016 U.S. Currency Exposure						
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(3,088,008)	\$ 6,467,193	\$ 3,379,185	\$ (154,400)	\$ 323,360	\$ 168,960
% of Net Assets Attributable to Equity Holders	(47)%	98%	51%	(2)%	5%	3%

#### (b) Price Risk

Approximately 93 percent (December 31, 2016 - 98 percent) of the Fund's net assets attributable to equity holders held at June 30, 2017 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2017, the net assets attributable to equity holders would have increased or decreased by \$0.3 million (December 31, 2016 - \$0.3 million) respectively or 4.7 percent (December 31, 2016 - 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, 2017	Dec. 31, 2016
Industrials	28.0%	34.9%
Financials	19.2%	18.1%
Health Care	17.1%	12.4%
Consumer Discretionary	11.7%	16.1%
Consumer Staples	9.4%	-
Information Technology	8.4%	12.4%
Materials	3.2%	-
Energy	3.0%	6.1%
	100.0%	100.0%

Notes to Condensed Financial Statements

June 30, 2017 (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, 2017 and December 31, 2016.

	As at June 30, 2017			Total
	Level 1	Level 2	Level 3	
United States Common Shares	\$ 6,300,384	\$ -	\$ -	\$ 6,300,384
Forward Exchange Contracts	-	166,184	-	166,184
Options	-	(3,443)	-	(3,443)
	\$ 6,300,384	\$ 162,741	\$ -	\$ 6,463,125

	As at December 31, 2016			Total
	Level 1	Level 2	Level 3	
Non-North American Common Shares	\$ 202,647	\$ -	\$ -	\$ 202,647
United States Common Shares	6,265,874	-	-	6,265,874
Forward Exchange Contracts	-	(42,153)	-	(42,153)
Options	(1,328)	-	-	(1,328)
	\$ 6,467,193	\$ (42,153)	\$ -	\$ 6,425,040

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, 2017 and during the year ended December 31, 2016.

3. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2017 and December 31, 2016.

	As at June 30, 2017			Total
	Financial Instruments at FVTPL		Financial Instruments at Amortized Cost	
	Designated at Inception	Held for Trading		
<b>Assets</b>				
Non-derivative financial assets	\$ 6,300,384	\$ -	\$ -	\$ 6,300,384
Due from brokers - derivatives	-	-	2,790	2,790
Dividends receivable	-	-	3,671	3,671
Derivative assets	-	166,184	-	166,184
Cash	-	-	399,220	399,220
	\$ 6,300,384	\$ 166,184	\$ 405,681	\$ 6,872,249
<b>Liabilities</b>				
Due to brokers - investments	\$ -	\$ -	\$ 66,129	\$ 66,129
Accrued liabilities	-	-	34,641	34,641
Accrued management fees	-	-	5,644	5,644
Derivative liabilities	-	3,443	-	3,443
	\$ -	\$ 3,443	\$ 106,414	\$ 109,857

## Low Volatility U.S. Equity Income Fund

### Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

	As at December 31, 2016		Financial Instruments at FVTPL		Financial Instruments at Amortized Cost	Total
	Designated at Inception	Held for Trading				
<b>Assets</b>						
Non-derivative financial assets	\$ 6,468,521	\$ -	\$ -	\$ -	\$ -	\$ 6,468,521
Derivative assets	-	4,159	-	-	-	4,159
Dividends receivable	-	-	-	5,775	5,775	5,775
Cash	-	-	-	235,895	235,895	235,895
	\$ 6,468,521	\$ 4,159	\$ 241,670	\$ -	\$ -	\$ 6,714,350
<b>Liabilities</b>						
Derivative liabilities	\$ -	\$ 47,640	\$ -	\$ -	\$ -	\$ 47,640
Accrued liabilities	-	-	38,131	-	-	38,131
Accrued management fees	-	-	5,495	-	-	5,495
	\$ -	\$ 47,640	\$ 43,626	\$ -	\$ -	\$ 91,266

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the six months ended June 30, 2017 and 2016.

	June 30, 2017	June 30, 2016
<b>Net Realized Gain/(Loss) on Financial Instruments at FVTPL</b>		
Designated at Inception	\$ 656,582	\$ (366,012)
Held for Trading	(127,155)	349,015
	529,427	(16,997)
<b>Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL</b>		
Designated at Inception	(309,771)	(432,679)
Held for Trading	207,583	173,020
	(102,188)	(259,659)
<b>Net Gain/(Loss) on Financial Instruments at FVTPL</b>	<b>\$ 427,239</b>	<b>\$ (276,656)</b>

#### 4. Units

For the six months ended June 30, 2017, cash distributions paid to unitholders were \$185,489 (June 30, 2016 - \$251,725) representing a payment of \$0.28 (June 30, 2016 - \$0.29) per unit.

During the six months ended June 30, 2017 and 2016, nil units were redeemed.

During the six months ended June 30, 2017 and year ended December 31, 2016, unit transactions are as follows:

	June 30, 2017	Dec. 31, 2016
Units outstanding, beginning of year	651,798	867,508
Units redeemed	-	(215,710)
Units outstanding, end of period	651,798	651,798

5. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2017 were \$33,752 (June 30, 2016 - \$45,139).

(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, 2017 were \$10,200 (June 30, 2016 - \$10,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2017 were \$3,750 (June 30, 2016 - \$3,410).

6. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2017 and 2016 is disclosed below:

	June 30, 2017	June 30, 2016
Soft Dollars	\$ 3,451	\$ 3,767
Percentage of Total Transaction Fees	47.6%	16.1%

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

The increase/decrease in net assets attributable to equity holders per unit for the six months ended June 30, 2017 and 2016 is calculated as follows:

	June 30, 2017	June 30, 2016
Increase/(Decrease) in Net Assets Attributable to Equity Holders	\$ 324,797	\$ (384,627)
Weighted Average Number of Units Outstanding during the Period	651,798	867,508
Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit	\$ 0.4983	\$ (0.4434)

8. Future Accounting Policy Changes

In July 2014, the International Accounting Standards Board (“IASB”) finalized the reform of financial instruments accounting and issued IFRS 9: Financial Instruments (“IFRS 9”) (as revised in 2014), which contains the requirements for: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date. The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Fund.

In January 2016, a Disclosure Initiative was issued by the IASB, which amends IAS 7 Statements of Cash Flows. The amendments are designed to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. These amendments are effective for the annual periods beginning on or after January 1, 2017. Based on the Manager’s evaluation, the amendments are not expected to have a significant impact on the December 31, 2017 financial statements.

## Low Volatility U.S. Equity Income Fund

### 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 (NGL.UN)

U.S. Financials Income Fund (USF.UN)

Top 10 Canadian Financial Trust (TCT.UN)

#### SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)

S Split Corp. (SBN.PR.A/SBN)

Top 10 Split Trust (TXT.PR.A/TXT.UN)

World Financial Split Corp. (WFS.PR.A/WFS)

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