

Semi-Annual Financial Statements – as at June 30, 2016



Marret Investment Grade Bond Fund

Table of Contents

MARRET INVESTMENT GRADE BOND FUND

Financial Statements

Statements of Financial Position	1
Statements of Comprehensive Income	2
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.....	3
Statements of Cash Flows	4
Schedule of Investment Portfolio	5
Fund Specific Notes to Financial Statements	7
Notes to the Financial Statements	13
Legal Notice	21

Marret Asset Management Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Marret Investment Grade Bond Fund

Financial Statements (unaudited)

Statements of Financial Position

(in \$ except for per unit amounts and units outstanding)

	as at Jun. 30, 2016	as at Dec. 31, 2015
Assets		
Current assets		
Investments	104,787,956	173,492,347
Cash	2,021,232	178,786
Cash held at broker	24,576	871,082
Margin	284,504	252,029
Receivable for investments sold	8,821,480	-
Receivable for unit subscriptions	-	-
Interest receivable	1,282,466	2,010,038
Dividends receivable	-	-
Other assets	97,244	14,944
Derivative assets	145,428	-
	117,464,886	176,819,226
Liabilities		
Current liabilities		
Investments sold short	13,935,620	13,234,462
Bank overdraft	-	-
Due to broker	8,561,853	38,070,372
Margin	-	-
Payable for investments purchased	4,808,850	-
Payable for unit redemptions	-	-
Management fees payable	41,943	59,940
Other accrued expenses	64,957	49,570
Distributions payable to holders of redeemable units	360,756	508,743
Dividends payable on investments sold short	-	-
Interest payable on investments sold short	71,088	86,950
Derivative liabilities	363,701	233,240
	28,208,768	52,243,277
Net assets attributable to holders of redeemable units	89,256,118	124,575,949
Net assets attributable to holders of redeemable units per unit:		
Class A	11.13	11.02
Number of redeemable units outstanding:		
Class A	8,016,797	11,305,399

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

Marret Investment Grade Bond Fund

Financial Statements (unaudited)

Statements of Comprehensive Income

for the periods ended June 30 (in \$ except for per unit amounts and number of units)

	2016	2015
Income		
Net gain (loss) on investments and derivatives		
Dividends	-	-
Interest for distribution purposes	3,689,101	3,878,698
Derivative income (loss)	(33,251)	(1,538)
Interest expense on investments sold short	(193,193)	(375,535)
Dividend expense on investments sold short	-	-
Net realized gain (loss) on sale of investments and derivatives	1,180,394	(2,149,264)
Net realized foreign exchange gain (loss) on investments and derivatives	(366,501)	546,981
Change in unrealized appreciation (depreciation) in value of investments and derivatives	320,759	1,749,204
Total net gain (loss) on investments and derivatives	4,597,309	3,648,546
Other income		
Foreign exchange gain (loss) on cash	67,746	(679,837)
Change in unrealized foreign exchange gain (loss) on cash	(7,843)	120,684
Other income	25,399	-
Total other income	85,302	(559,153)
Total income	4,682,611	3,089,393
Expenses		
Management fees (Note 5)	326,041	360,794
Operating fees	-	-
Fund administration expense	-	-
Audit fees	13,948	23,499
Legal fees	5,721	11,002
Trustee fees	2,755	2,751
Transfer agent fees	4,763	4,815
Custodial and administrative fees	26,947	32,969
Independent review committee fees	-	-
Unitholders reporting costs	-	-
Commissions and other portfolio transaction costs	-	-
Professional fees	-	293
Regulatory fees	22,887	44,006
Securities borrowing fees (Note 2)	41,277	36,469
Service expense	-	-
Other expenses	12,594	8,209
Interest expense	177,682	156,728
Withholding taxes	-	-
Total expenses	634,615	681,535
Expenses absorbed by the Manager	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	4,047,996	2,407,858
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.38	0.21
Weighted average number of units:		
Class A	10,763,322	11,305,399

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

Marret Investment Grade Bond Fund

Financial Statements (unaudited)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
for the periods ended June 30 (in \$)

	2016	2015
Class A		
Net assets attributable to holders of redeemable units at the beginning of period	124,575,949	130,347,855
Increase (decrease) in net assets attributable to holders of redeemable units	4,047,996	2,407,858
Distributions to holders of redeemable units		
From net investment income	(2,904,468)	-
From net realized gains	-	-
Return of capital	-	(3,052,456)
Total distributions to holders of redeemable units	(2,904,468)	(3,052,456)
Redeemable unit transactions		
Proceeds from redeemable units issued	-	-
Reinvestment of distributions to holders of redeemable units	-	-
Redemption of redeemable units	(36,463,359)	-
Net increase (decrease) from redeemable unit transactions	(36,463,359)	-
Net increase (decrease) in net assets attributable to holders of redeemable units	(35,319,831)	(644,598)
Net assets attributable to holders of redeemable units at the end of period	89,256,118	129,703,257

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

Marret Investment Grade Bond Fund

Financial Statements (unaudited)

Statements of Cash Flows for the periods ended June 30 (in \$)

	2016	2015
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	4,047,996	2,407,858
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(1,180,394)	2,149,264
Change in unrealized (appreciation) depreciation in value of investments and derivatives	(320,759)	(1,749,204)
Change in unrealized foreign exchange (gain) loss on cash	7,843	(120,684)
Proceeds from sale and maturity of investments and derivatives	37,467,545	(173,909,552)
Purchase of investments and derivatives	29,411,560	168,962,162
(Increase) decrease in cash held at broker	846,506	(9,158,503)
(Increase) decrease in margin	(32,475)	(22,485)
(Increase) decrease in interest receivable	727,572	(59,961)
(Increase) decrease in dividends receivable	-	-
(Increase) decrease in other receivables	(82,300)	20,261
Increase (decrease) in due to broker	(29,508,519)	14,153,212
Increase (decrease) in interest payable on investments sold short	(15,862)	133,938
Increase (decrease) in dividends payable on investments sold short	-	-
Increase (decrease) in other liabilities	(2,610)	(68,273)
Net cash from (used in) operating activities	41,366,103	2,738,033
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	-	-
Amounts paid on redemption of redeemable units	(36,463,359)	-
Distributions paid to holders of redeemable units, net of reinvested distributions	(3,052,455)	(3,052,456)
Net cash from (used in) financing activities	(39,515,814)	(3,052,456)
Change in unrealized foreign exchange gain (loss) on cash	(7,843)	120,684
Net increase (decrease) in cash	1,850,289	(314,423)
Cash (bank overdraft), beginning of period	178,786	368,072
Cash (bank overdraft), end of period	2,021,232	174,333
Supplementary Information:		
Dividends received, net of withholding tax*	-	-
Interest received, net of withholding tax*	3,689,101	318,737
Dividends paid*	-	-
Interest paid*	(209,055)	(241,597)

*Dividends and interest received as well as dividends and interest paid relate to operating activities of the Fund.
The accompanying notes are an integral part of these financial statements.

Marret Investment Grade Bond Fund

Schedule of Investment Portfolio as at June 30, 2016 (unaudited)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
CANADIAN BONDS - LONG POSITIONS			
Canadian Corporate Bonds (103.05%)			
5,000,000	Aimia Inc., Callable, 5.600%, 2019/05/17	5,502,650	5,110,552
3,000,000	Algonquin Power Co., Restricted, 4.820%, 2021/02/15	3,225,774	3,200,993
3,000,000	Alimentation Couche-Tard Inc., 3.319%, 2019/11/01	3,050,417	3,135,350
3,000,000	Bell Canada, Callable, 5.520%, 2019/02/26	3,355,833	3,293,028
3,000,000	Bell Canada, Series 'M-17', Callable, 6.100%, 2035/03/16	3,587,058	3,786,090
4,000,000	Canadian Pacific Railway Co., Callable, 6.450%, 2039/11/17	5,243,840	5,224,039
4,000,000	Capital Power Corp., 4.850%, 2019/02/21	4,290,265	4,084,004
3,000,000	Choice Properties REIT, Series 'A', Callable, 3.550%, 2018/07/05	3,108,578	3,105,112
3,000,000	Cogeco Cable Inc., Callable, 5.150%, 2020/11/16	3,342,301	3,314,643
3,000,000	Cominar REIT, 4.230%, 2019/12/04	3,085,145	3,103,283
3,000,000	Co-operators Financial Services Ltd., Callable, 5.778%, 2020/03/10	3,279,714	3,265,824
2,000,000	EnerCare Solutions Inc., 4.300%, 2017/11/30	2,086,258	2,051,502
4,000,000	EnerCare Solutions Inc., Callable, 4.600%, 2020/02/03	4,193,505	4,206,574
1,000,000	Fairfax Financial Holdings Ltd., 4.950%, 2025/03/03	995,885	1,049,990
3,000,000	First Capital Realty Inc., Series 'H', Callable, 5.850%, 2017/01/31	3,249,618	3,072,649
5,000,000	First National Financial Corp., Callable, 4.010%, 2020/04/09	4,998,000	5,056,933
3,000,000	Husky Energy Inc., Callable, 5.000%, 2020/03/12	3,344,457	3,265,735
3,000,000	IGM Financial Inc., Callable, 6.000%, 2040/12/10	3,704,416	3,856,800
2,500,000	Inter Pipeline (Corridor) Inc., Callable, 4.897%, 2020/02/03	2,784,187	2,750,872
3,000,000	Penske Truck Leasing Canada Inc., Callable, 3.650%, 2018/02/01	3,124,023	3,070,286
3,000,000	Power Corp. of Canada, Callable, 7.570%, 2019/04/22	3,617,441	3,447,906
3,000,000	Rogers Communications Inc., Callable, 6.560%, 2041/03/22	3,711,858	3,989,098
3,000,000	Shaw Communications Inc., Callable, 6.750%, 2039/11/09	3,635,053	3,762,345
3,000,000	Suncor Energy Inc., Callable, 5.390%, 2037/03/26	3,453,767	3,400,900
2,000,000	Ventas Canada Finance Ltd., Series 'B', Callable, 4.125%, 2024/09/30	2,030,724	2,140,234
250,000	Videotron Ltd., Callable, Restricted, 5.750%, 2026/01/15	250,000	253,729
4,575,000	Viterra Inc., Callable, 5.950%, 2020/08/01 (USD)	5,866,627	5,971,289
		92,117,394	91,969,760
CANADIAN BONDS - SHORT POSITIONS			
Government of Canada & Guaranteed (-6.48%)			
(5,000)	Government of Canada, 1.750%, 2019/09/01	(5,061)	(5,189)
(1,861,000)	Government of Canada, 2.750%, 2022/06/01	(2,032,178)	(2,083,809)
(2,686,000)	Government of Canada, 2.500%, 2024/06/01	(2,851,867)	(3,025,056)
(641,000)	Government of Canada, 1.500%, 2026/06/01	(666,262)	(667,432)
		(5,555,368)	(5,781,486)
	Total Canadian Bonds (96.57%)	86,562,026	86,188,274
UNITED STATES BONDS - LONG POSITIONS			
U.S. Federal Bonds & Guaranteed (1.52%)			
1,000,000	United States Treasury Note / Bond, 2.500%, 2046/05/15 (USD)	1,318,472	1,357,204
		1,318,472	1,357,204
U.S. Corporate Bonds (5.26%)			
4,000,000	Goldman Sachs Group Inc. (The), Variable Rate, Callable, 5.200%, 2022/04/19	4,204,160	3,939,920
750,000	Molson Coors International L.P., 3.440%, 2026/07/15	749,805	755,700
		4,953,965	4,695,620
UNITED STATES BONDS - SHORT POSITIONS			
U.S. Federal Bonds & Guaranteed (-9.14%)			
(2,000,000)	United States Treasury Bond, 1.625%, 2026/05/15 (USD)	(2,572,264)	(2,635,237)
(4,074,000)	United States Treasury Bond, 2.500%, 2046/02/15 (USD)	(5,153,578)	(5,518,897)
		(7,725,842)	(8,154,134)
	Total U.S. Bonds (-2.36%)	(1,453,405)	(2,101,310)

Percentages shown in brackets relate investments at fair value to net assets attributable to holders of redeemable units of the Fund.

Marret Investment Grade Bond Fund

Schedule of Investment Portfolio as at June 30, 2016 (unaudited) (cont'd)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
INTERNATIONAL BONDS - LONG POSITIONS			
International Bonds (7.58%)			
3,000,000	Intesa Sanpaolo SPA, 5.017%, 2024/06/26 (USD)	3,333,986	3,596,922
3,000,000	Sydney Airport Finance Co. Pty Ltd., Callable, 4.602%, 2018/07/27	3,218,730	3,168,450
		6,552,716	6,765,372
	Total International Bonds (7.58%)	6,552,716	6,765,372
	Total Bonds (101.79%)	91,661,337	90,852,336
	Total Investments (101.79%)	91,661,337	90,852,336
	Investments, Long Positions	104,942,547	104,787,956
	Investments, Short Positions	(13,281,210)	(13,935,620)
	Total Investments (101.79%)	91,661,337	90,852,336
	Due to broker (-9.59%)		(8,561,853)
	Margin (0.32%)		284,504
	Unrealized gain on foreign currency forward contracts (0.16%) (see Schedule A)		145,428
	Unrealized loss on foreign currency forward contracts (-0.15%) (see Schedule A)		(132,191)
	Unrealized loss on credit default swaps contracts (-0.26%) (see Schedule B)		(231,510)
	Other Assets, Less Liabilities (7.73%)		6,899,404
	Net Assets Attributable to Holders of Redeemable Units (100.00%)		89,256,118

Schedule A

Foreign Currency Forward Contracts (0.01%)

Counterparty	Credit Rating for Counterparty [†]	Settlement Date	Currency		Currency		Forward Rate	Current Rate	Unrealized Gain (Loss) (\$)
			Buys Par Value	Sells Par Value	Par Value	Par Value			
Royal Bank of Canada	A-1+	2016-06-21	EUR	543,913	CAD	788,515	1.450	1.443	(3,762)
Royal Bank of Canada	A-1+	2016-09-09	CAD	659,938	EUR	451,000	0.683	0.692	7,743
Royal Bank of Canada	A-1+	2016-09-09	CAD	169,190	EUR	117,000	0.692	0.692	(4)
Royal Bank of Canada	A-1+	2016-06-22	USD	3,000,000	CAD	3,828,945	1.276	1.301	73,753
Royal Bank of Canada	A-1+	2016-09-09	USD	1,955,000	CAD	2,478,987	1.268	1.301	63,932
Bank of New York Mellon (The), New York	A-1+	2016-09-09	CAD	3,028,257	USD	2,339,000	0.772	0.769	(14,142)
Royal Bank of Canada	A-1+	2016-06-21	CAD	5,239,841	USD	4,100,000	0.782	0.769	(93,846)
Royal Bank of Canada	A-1+	2016-09-09	CAD	1,150,216	USD	900,000	0.782	0.769	(20,437)
Total Foreign Currency Forward Contracts Value									13,237

Schedule B

Credit Default Swap Contracts (-0.26%)

	Counterparty	Underlying Security		Notional Amount	Expiry Date	Fair Value (\$)
		Counterparty	Credit Rating [†]			
Pay 1.00% quarterly times the notional amount Receive a payment only upon a default event of Markit CDX BP NA IG S25 Index	Credit Suisse		A-1	2,210,000	2020-12-20	(21,476)
Pay 1.00% quarterly times the notional amount Receive a payment only upon a default event of Markit ITRX XOVER CDSI S25 Index	Citigroup Global Markets		A-1	2,500,000	2021-06-20	(210,034)
Total Credit Default Swap Contracts Value						(231,510)

[†]Credit ratings are obtained from S&P Global Ratings, where available, otherwise ratings are obtained from: Moody's Investors Service or Dominion Bond Rating Service. Percentages shown in brackets relate investments at fair value to net assets attributable to holders of redeemable units of the Fund.

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Financial Instruments by Category (Note 2)

The following tables present the carrying amounts of the Fund's financial instruments by category:

as at June 30, 2016

	Held for Trading (in \$)	Financial Assets/ Liabilities as FVTPL Designated at Inception (in \$)	Total (in \$)	Financial Assets/ Liabilities at Amortized Cost (in \$)	Total (in \$)
Assets					
Investments	-	104,787,956	104,787,956	-	104,787,956
Cash	-	-	-	2,021,232	2,021,232
Cash held at broker	-	-	-	24,576	24,576
Margin	-	-	-	284,504	284,504
Receivable for investments sold	-	-	-	8,821,480	8,821,480
Receivable for unit subscriptions	-	-	-	-	-
Interest receivable	-	-	-	1,282,466	1,282,466
Dividends receivable	-	-	-	-	-
Other assets	-	-	-	97,244	97,244
Derivative assets	145,428	-	145,428	-	145,428
	145,428	104,787,956	104,933,384	12,531,502	117,464,886
Liabilities					
Investments sold short	13,935,620	-	13,935,620	-	13,935,620
Bank overdraft	-	-	-	-	-
Due to broker	-	-	-	8,561,853	8,561,853
Margin	-	-	-	-	-
Payable for investments purchased	-	-	-	4,808,850	4,808,850
Payable for unit redemptions	-	-	-	-	-
Management fees payable	-	-	-	41,943	41,943
Other accrued expenses	-	-	-	64,957	64,957
Distributions payable to holders of redeemable units	-	-	-	360,756	360,756
Dividends payable on investments sold short	-	-	-	-	-
Interest payable on investments sold short	-	-	-	71,088	71,088
Derivative liabilities	363,701	-	363,701	-	363,701
	14,299,321	-	14,299,321	13,909,447	28,208,768

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

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Financial Instruments by Category (Note 2) (cont'd)

as at December 31, 2015

	Held for Trading (in \$)	Financial Assets/ Liabilities as FVTPL Designated at Inception (in \$)	Total (in \$)	Financial Assets/ Liabilities at Amortized Cost (in \$)	Total (in \$)
Assets					
Investments	-	173,492,347	173,492,347	-	173,492,347
Cash	-	-	-	178,786	178,786
Cash held at broker	-	-	-	871,082	871,082
Margin	-	-	-	252,029	252,029
Receivable for investments sold	-	-	-	-	-
Receivable for unit subscriptions	-	-	-	-	-
Interest receivable	-	-	-	2,010,038	2,010,038
Dividends receivable	-	-	-	-	-
Other assets	-	-	-	14,944	14,944
Derivative assets	-	-	-	-	-
	-	173,492,347	173,492,347	3,326,879	176,819,226
Liabilities					
Investments sold short	13,234,462	-	13,234,462	-	13,234,462
Bank overdraft	-	-	-	-	-
Due to broker	-	-	-	38,070,372	38,070,372
Margin	-	-	-	-	-
Payable for investments purchased	-	-	-	-	-
Payable for unit redemptions	-	-	-	-	-
Management fees payable	-	-	-	59,940	59,940
Other accrued expenses	-	-	-	49,570	49,570
Distributions payable to holders of redeemable units	-	-	-	508,743	508,743
Dividends payable on investments sold short	-	-	-	-	-
Interest payable on investments sold short	-	-	-	86,950	86,950
Derivative liabilities	233,240	-	233,240	-	233,240
	13,467,702	-	13,467,702	38,775,575	52,243,277

Net Gain (Loss) on Financial Instruments (Note 2)

for the periods ended June 30 (in \$)

The following table presents the net gain (loss) on financial instruments at FVTPL by category.

	2016	2015
Financial Instruments at FVTPL		
Held for trading	(365,617)	(1,563,853)
Designated at fair value through profit or loss	4,962,926	5,212,399
Total	4,597,309	3,648,546

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

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Offsetting of Financial Instruments (Note 2)

The following tables show the net impact on the Fund's Statements of Financial Position if all rights to offset were exercised.

as at June 30, 2016

	Gross Assets/ (Liabilities) (in \$)	Amounts Eligible for Offset		Net Exposure (in \$)
		Financial Instruments (in \$)	Collateral (Received)/Paid (in \$)	
Derivative assets	145,428	(132,191)	-	13,237
Derivative liabilities	(363,701)	132,191	231,510	-

as at December 31, 2015

	Gross Assets/ (Liabilities) (in \$)	Amounts Eligible for Offset		Net Exposure (in \$)
		Financial Instruments (in \$)	Collateral (Received)/Paid (in \$)	
Derivative assets	-	-	-	-
Derivative liabilities	(233,240)	-	52,364	(180,876)

Redeemable Unit Transactions (Note 4)

for the periods ended June 30

	2016	2015
Class A		
Number of redeemable units at the beginning of period	11,305,399	11,305,399
Redeemable units issued for cash	-	-
Redeemable units issued for reinvested distributions	-	-
Redeemable units redeemed	(3,288,602)	-
Number of redeemable units at the end of period	8,016,797	11,305,399

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

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Financial Instruments Risks (Note 7)

Concentration Risk

For Concentration Risk as at June 30, 2016, refer to the Schedule of Investment Portfolio.

The Fund's investments were concentrated in the following segments:

as at December 31, 2015

	% of Net Assets Attributable to Holders of Redeemable Units
Canadian Corporate Bonds - long positions	109.05
Government of Canada & Guaranteed - short positions	(5.32)
Total of Canadian Bonds	103.73
U.S. Federal Bonds & Guaranteed - long positions	8.89
U.S. Corporate Bonds - long positions	9.20
U.S. Federal Bonds & Guaranteed - short positions	(5.31)
Total of U.S. Bonds	12.78
International Bonds	12.13
Total Investments	128.64

Credit Risk

The Fund was invested in fixed income securities, preferred securities and derivative instruments, if any, with the following credit ratings, as per the tables below.

as at June 30, 2016

Credit Rating ^{A*}	% of Net Assets Attributable to Holders of Redeemable Units		
	Long	Short	Net
AAA	1.68	(15.62)	(13.94)
A	26.84	-	26.84
BBB	88.77	-	88.77
Below BBB	0.28	-	0.28
Total	117.57	(15.62)	101.95

as at December 31, 2015

Credit Rating ^{A*}	% of Net Assets Attributable to Holders of Redeemable Units		
	Long	Short	Net
AAA	8.89	(10.63)	(1.74)
A	19.60	-	19.60
BBB	101.01	-	101.01
Below BBB	9.77	-	9.77
Total	139.27	(10.63)	128.64

^ACredit ratings are obtained from S&P Global Ratings, where available, otherwise ratings are obtained from: Moody's Investors Service or Dominion Bond Rating Service, respectively.

*Refer to Note 7 for Credit Rating Chart reference.

Other Price Risk

As at June 30, 2016 and December 31, 2015, the other price risk exposure of the Fund was insignificant as the Fund was invested in fixed income securities.

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Currency Risk

The tables below summarize the Fund's exposure to currency risk.

as at June 30, 2016

Currency	Net Currency Risk Investments (in \$)	Working Capital (in \$)	Currency Risk Due From (To) Broker (in \$)	Forward Currency Contracts (in \$)	Net Exposure (in \$)	% of Net Assets Attributable to Holders of Redeemable Units
U.S. Dollar	2,749,806	4,642,470	(4,637,524)	(3,101,121)	(346,369)	(0.39)
Euro	(210,034)	260,409	-	(36,636)	13,739	0.02
Total	2,539,772	4,902,879	(4,637,524)	(3,137,757)	(332,630)	(0.37)

as at December 31, 2015

Currency	Net Currency Risk Investments (in \$)	Working Capital (in \$)	Currency Risk Due From (To) Broker (in \$)	Forward Currency Contracts (in \$)	Net Exposure (in \$)	% of Net Assets Attributable to Holders of Redeemable Units
U.S. Dollar	23,563,097	494,515	(21,480,646)	(2,385,676)	191,290	0.15
Euro	1,607,842	9,536	-	(1,633,440)	(16,062)	(0.01)
Total	25,170,939	504,051	(21,480,646)	(4,019,116)	175,228	0.14

As at June 30, 2016, had the Canadian dollar strengthened or weakened by 5% (December 31, 2015 - 5%) in relation to all other foreign currencies held in the Fund, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$16,632 (December 31, 2015 - \$8,761). In practice, the actual results may differ from this analysis and the difference may be material.

Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk, categorized by the contractual maturity date.

as at June 30, 2016

Bonds	Long (in \$)	Short (in \$)	Net (in \$)
< 1 year	3,072,649	-	3,072,649
1-3 years	27,330,840	-	27,330,840
3-5 years	37,271,496	(5,189)	37,266,307
> 5 years	37,112,971	(13,930,431)	23,182,540
Total	104,787,956	(13,935,620)	90,852,336

as at December 31, 2015

Bonds	Long (in \$)	Short (in \$)	Net (in \$)
< 1 year	-	-	-
1-3 years	22,998,568	-	22,998,568
3-5 years	72,334,491	(5,208)	72,329,283
> 5 years	78,159,288	(13,229,254)	64,930,034
Total	173,492,347	(13,234,462)	160,257,885

As at June 30, 2016, had the prevailing interest rates increased or decreased by 1% (December 31, 2015 - 1%), with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have indirectly decreased or increased, respectively, by approximately \$4,390,824 (December 31, 2015 - \$9,091,624). In practice, the actual results may differ from this analysis and the difference may be material.

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

Marret Investment Grade Bond Fund

Fund Specific Notes to Financial Statements (unaudited)

Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

as at June 30, 2016

	Level 1 (in \$)	Level 2 (in \$)	Level 3 (in \$)	Total (in \$)
Bonds	-	104,787,956	-	104,787,956
Foreign currency forward contracts	-	145,428	-	145,428
Total Financial Assets	-	104,933,384	-	104,933,384
Bonds	-	(13,935,620)	-	(13,935,620)
Foreign currency forward contracts	-	(132,191)	-	(132,191)
Credit default swaps contracts	-	(231,510)	-	(231,510)
Total Financial Liabilities	-	(14,299,321)	-	(14,299,321)
Total Investments	-	90,634,063	-	90,634,063

as at December 31, 2015

	Level 1 (in \$)	Level 2 (in \$)	Level 3 (in \$)	Total (in \$)
Bonds	-	173,492,347	-	173,492,347
Foreign currency forward contracts	-	-	-	-
Total Financial Assets	-	173,492,347	-	173,492,347
Bonds	-	(13,234,462)	-	(13,234,462)
Foreign currency forward contracts	-	(180,876)	-	(180,876)
Credit default swaps contracts	-	(52,364)	-	(52,364)
Total Financial Liabilities	-	(13,467,702)	-	(13,467,702)
Total Investments	-	160,024,645	-	160,024,645

There were no transfers between Level 1, 2 and 3 during the period ended June 30, 2016 and the year ended December 31, 2015.

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

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited)

1. THE FUND

Marret Investment Grade Bond Fund (the "Fund") is a closed-end investment fund established under the laws of the Province of Ontario and is governed by a declaration of trust dated September 29, 2009 and amended on October 31, 2014. Marret Asset Management Inc. ("Marret" or the "Manager") is the manager of the Fund and provides all administrative services required by the Fund. CIBC Mellon Trust Company is the custodian (the "Custodian") of the Fund.

Units of the Fund commenced trading on October 23, 2009 on the Toronto Stock Exchange. Net proceeds of \$325.3 million (net of issue costs of \$12.51 million) were raised in the initial public offering and exercise of the over-allotment option to brokers, on the issuance of 28,150,000 units. On August 30, 2012, the Fund completed a private placement for net proceeds of \$28.5 million (net of issue costs of \$0.5 million) on the issuance of 2,380,425 units.

In December 2013, CI Financial Corp. completed its acquisition of 65% of the issued and outstanding common shares of the Manager. The effective closing date of this transaction was November 29, 2013. CI Financial Corp. is a diversified wealth management company publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol CIX.

The termination date for the Fund was October 31, 2014. On October 2, 2014, the unitholders of the Fund approved the extension of the term of the Fund to October 31, 2019 (the "Termination Date"). The Fund will continue in order to hold a portfolio consisting primarily of U.S. Canadian and European investment grade bonds, investment grade debt securities and term loans. The portfolio may also consist of Canadian Government and Canadian Government guaranteed securities, Provincial Government and Provincial Government guaranteed securities, U.S. Treasury securities and bonds issued or guaranteed by European Governments or their agencies.

The Fund's amended investment objectives are:

- i. to provide unitholders with attractive monthly cash distributions, initially targeted to be 4.5% per annum on the original issue price of \$12.00 per unit; and
- ii. to maximize the total return for unitholders, consisting primarily of monthly distributions, while reducing risk and preserving capital.

The address of the Fund's registered office is 2 Queen Street East, Twelfth Floor, Toronto, Ontario, M5C 3G7. These financial statements are authorized for issue by the Manager on August 16, 2016.

On May 18, 2016, during special meeting unitholders of the Fund approved the conversion of the Fund from a closed-end fund to an actively managed exchange-traded fund (the "ETF Conversion"). The Fund will modify its investment objectives, strategies and restrictions, fee structure and make certain other organizational changes in connection with the ETF Conversion, as more fully described in the management information circular sent to unitholders, dated April 18, 2016. After the implementation of the ETF Conversion, Marret will continue to provide portfolio advisory services to the Fund. First Asset Investment Management Inc., will assume responsibility as Manager of the day-to-day administration of the Fund.

The implementation of the ETF Conversion is subject to certain third-party and regulatory approvals, including obtaining a receipt for the final prospectus of the exchange-traded fund.

The Fund will convert into an exchange traded fund on or about August 22, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with *International Financial Reporting Standards* ("IFRS") as published by the *International Accounting Standards Board* ("IASB"). The following is a summary of the significant accounting policies of the Fund:

a) Classification and recognition of financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value through profit or loss. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments, investments sold short and derivative assets and liabilities are measured at fair value through profit or loss ("FVTPL"). The Fund's obligations for net assets attributable to holders of redeemable units are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortized cost, which approximates their fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

b) Fair valuation of financial instruments

At the financial reporting date, listed securities are valued based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's 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 existing market conditions. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

c) Financial assets and liabilities at fair value

The Fund classifies its investments in equity, fixed income securities and derivatives as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading and those designated at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading

A financial asset or financial liability is classified as held for trading ("HFT") if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. The Fund's derivative instruments and securities sold short are categorized as HFT.

Financial assets or financial liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as HFT but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's investments excluding derivative instruments and securities sold short are designated as FVTPL.

d) Cash

Cash consists of deposits with financial institutions.

e) Cash held at broker

Cash held at broker are accounts holding cash balances and short-term highly liquid debt investments with maturities of less than three months at date of acquisition.

f) Cost of investments

Cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and transaction costs.

g) Investment transactions and income recognition

Investment transactions are recorded on the trade date – the date on which the Fund commits to purchase or sell the investment. The "Interest for distribution purposes" shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund and is accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis.

Dividends and distributions from investments are recognized on the ex-dividend/ex-distribution date.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

Distributions received from income trusts holdings are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from income trusts that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts.

h) Functional currency

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also the Fund's functional and presentation currency.

i) Foreign exchange

Foreign currency amounts are translated into the functional currency as follows: fair value of investments, foreign currency forward contracts and other assets and liabilities at the closing rate of exchange on each business day; income and expenses, purchases and sales and settlements of investments at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as "Foreign exchange gain (loss) on cash" and "Change in unrealized foreign exchange gain (loss) on cash" and those relating to investments and derivatives are presented within "Net realized gain (loss) on sale of investments and derivatives" and "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income.

j) Unit valuation

The total net asset value ("NAV") is calculated by subtracting the aggregate amount of the liabilities from the total assets of the Fund. The net asset value per unit is calculated by dividing the total net asset value by the number of units outstanding at the end of the period.

As at June 30, 2016, December 31, 2015 and June 30, 2015, there were no differences between the NAV used for transactions with unitholders and the net assets attributable to holders of redeemable units used for reporting purposes under IFRS.

k) Classification of units

The units of the Fund do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as liabilities. The Fund's units meet the classification as liability because the Fund's units have ongoing redemption option as well as fixed termination date.

l) Commissions and other portfolio transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in "Commissions and other portfolio transaction costs" in the Statements of Comprehensive Income.

m) 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 is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

n) Foreign currency forward contracts

The Fund may, from time to time, enter into foreign currency forward contracts. Foreign currency forward contracts are valued on each valuation day based on the difference between the contract rate and the current forward rate at the measurement date applied to the contracts notional amount and adjusted for counterparty risk. All unrealized gains (losses) arising from foreign currency forward contracts are recorded as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income and "Derivative assets/liabilities" in the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized and reported as "Net realized gain (loss) on sale of investments and derivatives" in the Statements of Comprehensive Income.

o) Credit default swaps

Credit default swaps are agreements to mitigate credit risk exposure to certain issuing entities (Referenced Entity) held by the Fund or to increase credit risk exposure to the Referenced Entity by creating a notional investment position for the Fund. Where a notional investment position is created, the credit risk exposure of the Fund is comparable to the exposure that would have resulted if the Fund had invested directly in the Referenced Entity. Under a credit default swap agreement, the protection buyer, whose intention is to reduce its credit risk exposure to the Referenced Entity, pays a premium to the protection seller, who assumes the credit risk of a default of the bond of a Referenced Entity. This premium is paid at regular intervals over the term of

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

the credit default swap agreement. In return for the premium paid, the protection buyer is entitled to receive from the protection seller full payment for a loss arising from a credit default event of the Referenced Entity. A credit default event may be triggered by bankruptcy, failure to pay or restructuring of the Referenced Entity. If a credit default event occurs, the credit default swap may be settled by either the physical delivery of the bond for proceeds equal to par value, or a cash payment equal to the loss amount. Credit default swaps are valued based on dealer-supplied valuations.

Changes in value of credit default swap agreements are recorded as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives". Premiums paid or received from credit default swap agreements are included in investment income. When credit default swap agreements expire or are closed out, gains or losses are included in "Net realized gain (loss) on sale of investments and derivatives" in the Statements of Comprehensive Income.

p) Short selling

When the Fund sells a security short, it will borrow that security from a broker, for a fee, to complete the sale. The maximum loss on securities sold short can be unlimited. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gains or losses arising from short positions are reflected in the Statements of Comprehensive Income as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives" and fair value of short positions is reflected in the Statements of Financial Position in "Investments sold short". When the short position is closed out, gains or losses are realized and included in "Net realized gain (loss) on sale of investments and derivatives" in the Statements of Comprehensive Income. Fees paid to a broker for borrowing a security are included in "Securities borrowing fee" in the Statements of Comprehensive Income.

q) Offsetting of financial instruments

The disclosures set out in the Offsetting of Financial Instruments tables in the Fund Specific Notes to Financial Statements include foreign currency forward contracts assets and liabilities that are subject to an enforceable master netting arrangement. Transactions with individual counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Fund and respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party. All other derivative instruments held by the Fund are settled on a gross basis.

r) Return of capital

Distributions received as return of capital ("ROC") from investments reduce the adjusted cost base ("ACB") of the underlying investments. Distributions received from investments are allocated initially as dividends, interest, capital gains, or ROC based on estimates of the categorization of distributions received from the underlying issuers. These allocations may change once the final categorization of the distributions is received on an annual basis from the underlying issuers.

s) Withholding taxes

The Fund may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

t) Accounting standards issued but not yet adopted

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 Fund's Manager is in the process of assessing the impact of IFRS 9 on the Fund and has not yet determined when it will adopt the new standard.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing its financial statements:

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Valuation models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty); volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for the financial assets under IAS 39, *Financial Instruments – Recognition and Measurement*. The most significant judgment made includes the determination that the fair value option can be applied to those investments that are not HFT.

4. REDEEMABLE UNITS

Units issued and outstanding represent the capital of the Fund.

Pursuant to the declaration of trust, the Fund is authorized to issue an unlimited number of transferable, redeemable units of one class, each of which represents an equal, undivided interest in the total net asset value of the Fund. All units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund and distributions upon the termination of the Fund.

As at June 30, 2016, the fair value of the Fund's net assets based on the TSX closing market price was \$89,387,287 (December 31, 2015 - \$120,967,769 and June 30, 2015 - \$125,376,875).

Redeemable unit transactions information appears in the Fund Specific Notes to Financial Statements.

Annual Redemptions

The annual redemption date is on the last business day in May of each year, commencing in 2016 (the "Annual Redemption Date"). Units may be redeemed at the option of unitholders on the Annual Redemption Date of each year after May 2016. Units so redeemed will be redeemed at a redemption price equal to 100% of net assets of the Fund per unit minus costs associated with the redemption, including brokerage costs.

The units must be surrendered for redemption at least ten business days prior to the Annual Redemption Date. Payment of the proceeds of redemption will be made on or before the 15th business day of the following month.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

Monthly Redemptions

The monthly redemption date is the second last business day of each month, other than May, (the "Monthly Redemption Date"). Units may be redeemed at the option of unitholders on a Monthly Redemption Date, subject to certain conditions and, in order to affect such a redemption, the units must be surrendered on the date which is the last business day of the month preceding the Monthly Redemption Date. Payment of the redemption price will be made on or before the 10th business day of the following month, subject to the Manager's right to suspend redemptions in certain circumstances.

Unitholders surrendering a unit for redemption will receive a redemption price equal to the lesser of (i) 94% of the market price (defined as the weighted average trading price on the TSX for the 10 trading days immediately preceding such Monthly Redemption Date) of a unit and (ii) 100% of the closing market price of a unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption (the "Monthly Redemption Amount").

5. FEES AND EXPENSES

The Fund retained Marret Asset Management Inc., under an administration agreement (the "Administration Agreement") dated September 29, 2009, amended on October 31, 2014, to administer all of the ongoing operations of the Fund. In consideration for the services provided by the Manager, the Fund pays a management fee equal to 0.50% based on the amended Management Agreement per annum of the net asset value of the Fund. The management fee is calculated and payable monthly in arrears, plus applicable taxes.

All other reasonable expenses in connection with the administration of the Fund are paid by the Fund.

6. INCOME TAXES

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). A mutual fund trust is subject to tax on its net investment income for the year, including any net realized capital gains, which are not paid or payable to its unitholders. The financial statements of the Fund do not include a provision for income taxes because under the terms of the declaration of trust, net investment income and net realized capital gains are distributed each year to unitholders and are taxable in the unitholders' hands. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Positions as deferred income tax asset.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including other price risk, currency risk and interest rate risk). The Fund's overall risk management program focuses on compliance and execution of the Fund's investment objectives.

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisers, daily monitoring of the Fund's positions and market events and by diversifying the investment portfolio within the constraints of the Fund's investment strategy. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposure for each type of risk, maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, product type, industry sector or counterparty.

Details of the Fund's exposure to concentration risk are available in the Fund Specific Notes to Financial Statements.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The main concentration of credit risk would be investments in debt instruments and derivatives. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer and therefore represents the maximum credit exposure of the Fund.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

Credit ratings for fixed income securities, preferred securities and derivative instruments are obtained from S&P Global Ratings, where available, otherwise ratings are obtained from: Moody's Investors Service or Dominion Bond Rating Service. Credit ratings can be either long-term or short-term. Short-term credit ratings are generally assigned to those obligations and derivative instruments considered short-term in nature.

The table below provides a cross-reference between the long-term credit ratings disclosed in the Credit Rating table inclusive of the short-term credit ratings disclosed in the derivatives schedules in the Schedule of Investment Portfolio.

Credit Rating as per Credit Risk Table	Credit Rating as per Derivatives Schedules
AAA/Aaa/A++	A-1+
AA/Aa/A+	A-1, A-2, A-3
A	B, B-1
BBB/Baa/B++	B-2
Below BBB	B-3, C, D
Unrated	WR

Cash balances as disclosed in the Statements of Financial Position are maintained by the Custodian. The Manager monitors the credit worthiness of the Custodian on a regular basis. The credit rating of the Custodian as at June 30, 2016 was A+ (December 31, 2015 – A+).

All transactions are made through approved brokers and are settled on delivery using the Fund's prime brokers Scotia Capital Inc. and J.P. Morgan or Custodian. The risk of default is considered minimal as delivery of investments sold is made only when the Fund has received payment. Payment is made on purchases once the investments have been received by the Fund. Should either party not meet its obligation, the trade will fail.

The credit ratings of the Scotia Capital Inc. and J.P. Morgan as at June 30, 2016 were A+ and A-, respectively (December 31, 2015 – A+ and A-, respectively).

Liquidity Risk

The Fund is exposed to annual and monthly cash redemptions. The Fund invests majority of its assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund retains sufficient cash to maintain liquidity. All liabilities are due in less than 3 months.

Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market conditions.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment.

Currency Risk

Currency risk is the risk that the value of investments will fluctuate due to changes in foreign exchange rates. This risk arises when financial instruments (including cash and cash equivalents) are denominated in a currency other than Canadian dollars, which represents the Fund's functional currency.

Interest Rate Risk

Interest rate risk arises from changes in the prevailing levels of market interest rates, resulting in fluctuations in the value of interest bearing financial instruments. The Fund is exposed to changes in the value of the interest bearing securities.

Marret Investment Grade Bond Fund

Notes to the Financial Statements (unaudited) (cont'd)

Fair Value Hierarchy

The Fund classifies its financial instruments that are carried at fair value using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the hierarchy are as follows:

- Level (1) - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level (2) - investments with inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level (3) - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The Fund'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.

Details of the Fund's exposure to financial instruments risks including concentration risk and the fair value hierarchy classification are available in the Fund Specific Notes to Financial Statements.

8. SUBSEQUENT EVENT

On or about August 22, 2016, the Fund will convert into an exchange traded fund.

In connection with the ETF Conversion:

The Fund's name will change to "First Asset Investment Grade Bond ETF" and its ticker symbol will change to FIG.

The Fund will modify its investment objectives, strategies and restrictions, fee structure and make certain other organizational changes in connection with the ETF Conversion.

Marret Asset Management Inc. will continue to provide portfolio management services to the Fund. First Asset Investment Management Inc., will assume responsibility for the day-to-day administration and management of the Fund.

Marret Investment Grade Bond Fund

Legal Notice

Certain names, words, phrases, graphics or designs in this document may constitute trade names, registered or unregistered trademarks or service marks of Marret Asset Management Inc. Marret is a trademark of Marret Asset Management Inc.

You can get additional copies of these Financial Statements, at your request, and at no cost by calling collect (416) 214-5800, by emailing investors@marret.com, or by asking your representative.

This document and other information about the fund is available at the Marret Asset Management Inc. website at www.marret.com, or at www.sedar.com.



2 Queen Street East, Twelfth Floor, Toronto, Ontario M5C 3G7 | www.marret.com

Tel: 416-214-5800
Fax: 647-439-6471
info@marret.com