

COUNSEL | PORTFOLIO SERVICES

IPC High Interest Savings Fund

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period ended September 30, 2023

These Financial Statements do not contain the Management Report of Fund Performance ("MRFP") of the investment fund.

A copy of the Fund's current Simplified Prospectus, Annual Information Form, Management Report of Fund Performance, Fund Fact Sheets, quarterly portfolio disclosures and proxy voting policies and disclosures will be provided, without charge, by: calling toll-free 1-877-625-9885, writing to Counsel Portfolio Services Inc., 5015 Spectrum Way, Suite 300, Mississauga, ON, L4W 0E4, by visiting our website at www.counsel-services.com or by visiting www.sedarplus.ca.

IPC HIGH INTEREST SAVINGS FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2023

STATEMENTS OF FINANCIAL POSITION

at (in \$ 000 except per security amounts)

	Sep. 30 2023	Mar. 31 2023 (Audited)
ASSETS		
Current assets		
Investments at fair value	234,578	100,734
Cash and cash equivalents	1,260	1,054
Accrued interest receivable	862	294
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	20	–
Total assets	236,720	102,082
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	1,261	1,054
Accounts payable for securities redeemed	–	–
Due to manager	1	1
Total liabilities	1,262	1,055
Net assets attributable to securityholders	235,458	101,027

STATEMENT OF COMPREHENSIVE INCOME

for the period ended September 30 (in \$ 000 except per security amounts)

	2023
Income	
Interest and other income	3,924
Other changes in fair value of investments and other net assets	
Net realized gain (loss)	–
Net unrealized gain (loss)	–
Total income (loss)	3,924
Expenses (note 6)	
Management fees	125
Administration fees	43
Interest charges	1
Independent Review Committee fees	2
Expenses before amounts absorbed by Manager	171
Expenses absorbed by Manager	–
Net expenses	171
Increase (decrease) in net assets attributable to securityholders from operations before tax	3,753
Foreign withholding tax expense (recovery)	–
Foreign income tax expense (recovery)	–
Increase (decrease) in net assets attributable to securityholders from operations	3,753

	Net assets attributable to securityholders (note 3)			
	per security		per series	
	Sep. 30 2023	Mar. 31 2023 (Audited)	Sep. 30 2023	Mar. 31 2023 (Audited)
Series A	10.01	10.01	139,314	48,424
Series C	10.01	10.01	1	3
Series F	10.01	10.01	72,577	37,240
Series I	10.01	10.01	9,719	5,216
Series Private Wealth	10.01	10.01	13,847	10,144
			235,458	101,027

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)	
	per security	per series
	2023	2023
Series A	0.24	2,068
Series C	0.25	–
Series F	0.24	1,231
Series I	0.25	195
Series Private Wealth	0.25	259
		3,753

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

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the period ended September 30 (in \$ 000 except per security amounts)

	Total 2023	Series A 2023	Series C 2023	Series F 2023	Series I 2023
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS					
Beginning of period	101,027	48,424	3	37,240	5,216
Increase (decrease) in net assets from operations	3,753	2,068	–	1,231	195
Distributions paid to securityholders:					
Investment income	(3,576)	(1,969)	–	(1,179)	(185)
Capital gains	–	–	–	–	–
Return of capital	(325)	(190)	–	(99)	(15)
Management fee rebates	–	–	–	–	–
Total distributions paid to securityholders	(3,901)	(2,159)	–	(1,278)	(200)
Security transactions:					
Proceeds from securities issued	205,582	123,184	–	65,889	5,879
Reinvested distributions	3,744	2,073	–	1,208	200
Payments on redemption of securities	(74,747)	(34,276)	(2)	(31,713)	(1,571)
Total security transactions	134,579	90,981	(2)	35,384	4,508
Increase (decrease) in net assets attributable to securityholders	134,431	90,890	(2)	35,337	4,503
End of period	235,458	139,314	1	72,577	9,719
Increase (decrease) in fund securities (in thousands) (note 7):					
Securities outstanding – beginning of period		Securities 4,836	–	Securities 3,719	Securities 521
Issued		12,289	–	6,572	587
Reinvested distributions		207	–	121	20
Redeemed		(3,419)	–	(3,164)	(157)
Securities outstanding – end of period		13,913	–	7,248	971

	Series Private Wealth 2023
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS	
Beginning of period	10,144
Increase (decrease) in net assets from operations	259
Distributions paid to securityholders:	
Investment income	(243)
Capital gains	–
Return of capital	(21)
Management fee rebates	–
Total distributions paid to securityholders	(264)
Security transactions:	
Proceeds from securities issued	10,630
Reinvested distributions	263
Payments on redemption of securities	(7,185)
Total security transactions	3,708
Increase (decrease) in net assets attributable to securityholders	3,703
End of period	13,847
Increase (decrease) in fund securities (in thousands) (note 7):	
Securities outstanding – beginning of period	Securities 1,013
Issued	1,061
Reinvested distributions	26
Redeemed	(717)
Securities outstanding – end of period	1,383

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STATEMENT OF CASH FLOWS

for the period ended September 30 (in \$ 000)

	2023
Cash flows from operating activities	
Net increase (decrease) in net assets attributable to securityholders from operations	3,753
Adjustments for:	
Net realized loss (gain) on investments	—
Change in net unrealized loss (gain) on investments	—
Purchase of investments	(140,481)
Proceeds from sale and maturity of investments	7,432
(Increase) decrease in accounts receivable and other assets	(1,156)
Increase (decrease) in accounts payable and other liabilities	—
Net cash provided by (used in) operating activities	(130,452)
Cash flows from financing activities	
Proceeds from securities issued	205,562
Payments on redemption of securities	(74,747)
Distributions paid net of reinvestments	(157)
Net cash provided by (used in) financing activities	130,658
Increase (decrease) in cash and cash equivalents	206
Cash and cash equivalents at beginning of period	1,054
Effect of exchange rate fluctuations on cash and cash equivalents	—
Cash and cash equivalents, end of period	1,260
Cash	1,260
Cash equivalents	—
Cash and cash equivalents, end of period	1,260
Supplementary disclosures on cash flow from operating activities:	
Dividends received	—
Foreign taxes paid	—
Interest received	2,768
Interest paid	1

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SCHEDULE OF INVESTMENTS

as at September 30, 2023

	Country	Average Cost (\$ 000)	Fair Value (\$ 000)
Equitable Bank High Interest Savings Account	Canada	234,578	234,578
Total investments		<u>234,578</u>	<u>234,578</u>
Cash			1,260
Other assets less liabilities			<u>(380)</u>
Net assets attributable to securityholders			<u>235,458</u>

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SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2023

ASSET TYPE	% OF NAV
Equitable Bank High Interest Savings Account	99.6
Cash	0.5
Other	(0.1)

MARCH 31, 2023

ASSET TYPE	% OF NAV
High interest savings account	99.7
Cash	1.0
Other	(0.7)

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NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month period ended or as at September 30, 2023 with comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2023. In the year a series is established, 'period' represents the period from inception to the period end of that fiscal period. In a period where a series is terminated the period represents from the beginning of the fiscal year to the termination date. Refer to Note 9 for series inception and termination dates.

The Fund is organized as an open-ended unit trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 5015 Spectrum Way, Suite 300, Mississauga, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus and/or exempt distribution options.

Counsel Portfolio Services Inc. (the "Manager" or "Counsel") acts as the Fund's manager and trustee.

2. Basis of Preparation and Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgments and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2023. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional currency, and are rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value through profit or loss ("FVTPL").

These financial statements were authorized for issue by Counsel's Board of Directors on November 13, 2023.

3. Significant Accounting Policies

(a) Financial instruments

Financial instruments include financial assets such as high interest savings accounts. The Fund classifies and measures financial instruments in accordance with IFRS 9 *Financial Instruments*. Upon initial recognition, financial instruments are classified as "FVTPL". All financial instruments are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired. Financial liabilities are derecognized when the Fund has transferred substantially all risks and rewards of ownership. Investment purchase and sale transactions are recorded as of the trade date.

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Fund, arising from financing activities. Changes in securities of the Fund, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either Accounts receivable for securities issued or Accounts payable for securities redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after period-end.

(b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund's sole investment in the EQ Bank High Interest Savings Account is valued at cost which, together with accrued interest, is equal to its fair value under contractual terms with counterparties.

The Fund's financial instruments carried at fair value are classified using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at September 30, 2023 and March 31, 2023, all investments were classified as Level 1. There were no significant transfers between Level 1 and Level 2 during the periods.

(c) Income recognition

Interest income is recognized daily as interest is accrued in high interest savings accounts by counterparties.

Income, realized gains (losses), and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

(d) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(e) Net asset value per security

Net asset value per security is determined for the purchase and redemption of securities in accordance with the methods disclosed in the Fund's Simplified Prospectus and Annual Information Form. These methods may vary from valuation principles under IFRS. As at September 30, 2023 and March 31, 2023, there were no such differences.

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

- (f) Increase (decrease) in net assets attributable to securityholders from operations per security

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

- (g) Future Accounting Changes

Counsel has determined there are no material implications to the Fund's financial statements arising from IFRS issued but not yet effective.

4. Critical accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Use of Judgments

Classification and measurement of investments

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has considered the Fund's business model, commitments to securityholders, and the manner in which investments are managed and evaluated as a group and has determined that irrevocable designation of financial instruments as financial assets or financial liabilities at fair value through profit or loss provides the most appropriate measurement and presentation of the Fund's investments and financial instruments.

Functional currency

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

5. Income taxes

The Fund is a unit trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. The Fund intends to qualify as a mutual fund trust prior to its first tax year end. The Fund maintains a December 31 year-end for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

Losses of the Fund cannot be allocated to securityholders and are retained in the Fund for use in future years. Non-capital losses incurred may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Net capital losses may be carried forward indefinitely to reduce future realized capital gains. The Fund has no loss carryforwards to offset future taxable income as it is in its initial taxation year.

6. Management Fees and Operating Expenses

Counsel is paid a management fee for arranging for the management of the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by securityholders.

Each series of the Fund is charged a fixed rate annual administration fee ("Administration Fee"), as applicable, and in return, Counsel bears all of the operating expenses of the Fund, other than certain specified fund costs.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Counsel Funds' Independent Review Committee, costs of complying with the regulatory requirement to produce Fund Facts, and any new fees related to external services that were not commonly charged in the Canadian mutual fund industry after the date of the Fund's most recently filed Simplified Prospectus.

Counsel may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

7. Fund's Capital

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2023 and securities issued, reinvested and redeemed for the period are presented in the Statements of Changes in Financial Position. Counsel manages the capital of the Fund in accordance with the investment objectives and strategies as discussed in Note 8 (a).

8. Financial Instruments Risk

- (a) Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7").

The Manager seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives and strategies. To assist in managing risks, Counsel also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

The Fund seeks to provide investors with a high rate of monthly interest income, while preserving capital and providing liquidity, by investing primarily in high interest deposit accounts. Although the Fund operates as a money market fund, its NAV may diverge from \$10 per unit and only pays distributions once a month.

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8. Financial Instruments Risk (*cont'd*)

(b) Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against pre-determined minimum liquidity percentages, established for different time periods. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e. investments that can be readily sold).

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment into which it has entered with the Fund. The Fund's largest exposure to credit risk relates to its investments in high interest savings accounts with EQ Bank whose current short term credit rating is F3.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the dates of the Statements of Financial Position.

(d) Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

As at September 30, 2023 and March 31, 2023, the Fund did not have a significant exposure to currency risk.

(e) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

As at September 30, 2023 and March 31, 2023, the Fund did not have a significant exposure to interest rate risk as its investments were solely cash accounts.

(f) 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 interest rate risk or currency 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. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategy.

As at September 30, 2023 and March 31, 2023, the Fund did not have a significant exposure to other price risk.

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NOTES TO FINANCIAL STATEMENTS

9. Series Information

Series	Inception/ Reinstatement Date	Minimum Investment (\$)	Management fee (%) ⁵	Administration fee (%) ⁵
Series A ¹	January 24, 2023	500	0.20	0.05
Series C ^{1,4}	January 24, 2023	500	0.10	0.05
Series F ²	January 24, 2023	500	0.10	0.05
Series I ^{2,3,5}	January 24, 2023	500	–	0.05
Series Private Wealth ⁶	January 24, 2023	–	–	0.05

¹ Series A and C are the only series subject to sales charges. Securities may be subject to a negotiated fee of up to 5% at time of initial purchase.

² A negotiable advisory or asset-based fee (plus sales taxes) is payable by investors to their dealer(s) in connection with the securities held in this series. The fee may be collected by Counsel from the investor's account through redemption of securities and remitted to the dealer at the investor's request. Alternatively, the dealer may collect it directly from the investor.

³ The management fee for this series is 0.10% and is payable directly to Counsel generally through the monthly redemption of securities.

⁴ This series is only available to investors utilizing the Counsel Advisor-Directed Rebalancing ("Counsel ADR") service.

⁵ Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

⁶ There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in a discretionary managed program offered by IPC Securities Corporation and agree to pay certain asset-based fees.