GTU Portfolio Trust

Annual Financial Statements

December 31, 2013

The Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, can be obtained at your request, and at no cost, by calling us at 866 998 8298; by writing to us at Harvest Portfolios Group, 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 2 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

(Signed) "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

(Signed) "Townsend Haines"

Townsend Haines
Chief Financial Officer

Oakville, Canada
March 19, 2014

March 19, 2014

Independent Auditor's Report

To the Unitholder of
GTU Portfolio Trust (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investments as at December 31, 2013, the statements of financial position as at December 31, 2013 and 2012 and the statements of operations, changes in financial position and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013 and 2012 and the results of its operations, the changes in its financial position and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

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STATEMENTS OF FINANCIAL POSITION As at December 31,		2013		2012
Assets				
Investments, at fair value (cost $17,736,905; 2012 - $22,852,137)	$	20,988,830	$	22,771,570
Dividends receivable		228,169		193,275
		21,216,999		**22,964,845**
Liabilities				
Borrowings (Note 9)		4,136,595		5,095,256
Redemptions payable		130,000		165,000
Interest payable		7,954		9,593
	$	**4,274,549**	**$**	**5,269,849**
Net assets representing unitholder's equity	**$**	**16,942,450**	**$**	**17,694,996**
Unitholder's equity				
Unitholder's capital	$	16,777,176	$	19,739,200
Retained earnings (deficit)		165,274		(2,044,204)
Unitholder's equity	**$**	**16,942,450**	**$**	**17,694,996**
Number of units outstanding (Note 3)		**1,160,480**		**1,557,639**
Net assets per unit (Note 8)	**$**	**14.60**	**$**	**11.36**

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

STATEMENTS OF OPERATIONS For the year ended December 31,		2013		2012
Investment income				
Dividends	$	1,134,215	$	1,703,404
Interest		-		104
Less: foreign withholding taxes		(124,173)		(209,556)
		1,010,042		**1,493,952**
Expenses (Note 4)				
Management fees		200,380		247,035
Unitholder reporting costs		-		419
Audit fees		14,334		2,308
Custodian fees and bank charges		36,409		35,598
Interest expense (Note 9)		95,855		120,180
Filing fees		9,533		4,189
Legal fees		3,225		7,110
Other fees		362		204
		360,098		**417,043**
Net investment income	**$**	**649,944**	**$**	**1,076,909**
Realized and unrealized gain (loss) on investments and foreign currencies				
Realized gain (loss) on sale of investments	$	406,335	$	(2,284,448)
Realized gain (loss) on foreign exchange		(79,186)		12,855
Transaction costs (Note 6)		(28,507)		(20,489)
Change in unrealized appreciation (depreciation) of foreign exchange		16,376		(29,487)
Change in unrealized appreciation (depreciation) of investments		3,332,492		1,974,051
Net gain (loss) on investments	**$**	**3,647,510**	**$**	**(347,518)**
Increase (decrease) in net assets from operations		**4,297,454**		**729,391**
Increase (decrease) in net assets from operations per unit	**$**	**3.07**	**$**	**0.36**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION For the year ended December 31,		2013		2012
Net assets, beginning of the year	**$**	**17,694,996**	**$**	**25,275,605**
Increase (decrease) in net assets from operations		**4,297,454**		**729,391**
Unitholder's transactions				
Reinvestment of distributions		2,087,976		-
Cost of units redeemed		(5,050,000)		(8,310,000)
Net unitholders' transactions	**$**	**(2,962,024)**	**$**	**(8,310,000)**
Distribution to unitholders				
Net investment income		(2,087,976)		-
Total distribution to unitholders	**$**	**(2,087,976)**	**$**	**-**
Net assets, end of the year	**$**	**16,942,450**	**$**	**17,694,996**
Deficit, beginning of year	**$**	**(2,044,204)**	**$**	**(2,773,595)**
Increase (decrease) in net assets from operations		4,297,454		729,391
Distribution to unitholders		(2,087,976)		-
Retained earnings (deficit), end of year	**$**	**165,274**	**$**	**(2,044,204)**

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

STATEMENTS OF CASH FLOWS For the years ended December 31,		2013		2012
Operating activities				
Increase (decrease) in net assets from operations	**$**	**4,297,454**	**$**	**729,391**
Add (deduct) items not affecting cash:				
Realized (gain) loss on sale of investments		(406,335)		2,284,448
Change in unrealized (appreciation) depreciation of investments		(3,332,492)		(1,974,051)
Proceeds from sale of investments		9,506,739		9,189,636
Purchases of investments		(3,985,172)		(2,439,636)
Net change in non-cash assets and liabilities		(36,533)		7,856
Net cash flow used in operating activities	**$**	**6,043,661**	**$**	**7,797,644**
Financing Activities				
Units redeemed		(5,085,000)		(8,334,999)
Net cash flow provided by financing activities		**(5,085,000)**		**(8,334,999)**
Net change in borrowings during the year		958,661		(537,355)
Borrowings, at beginning of the year		**(5,095,256)**		**(4,557,901)**
Borrowings, at end of the year	**$**	**(4,136,595)**	**$**	**(5,095,256)**
Supplemental disclosure of cash flow information				
Amount of interest paid during the year	**$**	**97,494**	**$**	**122,094**

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

STATEMENT OF INVESTMENTS
As at December 31, 2013

Number of shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	EQUITIES			
	Banking and Other Financial Issuers			
27,500	Catlin Group Limited	222,337	280,924	1.7
12,990	JPMorgan Chase & Co.	677,615	806,996	4.8
26,000	Regions Financial Corporation	243,385	273,211	1.6
12,000	UBS AG	258,044	242,427	1.4
		1,401,381	1,603,558	9.5
	Consumer Discretionary Issuers			
3,200	Adidas AG	352,037	433,834	2.6
28,000	British Sky Broadcasting Group PLC	337,234	415,867	2.5
11,000	Luxottica Group SPA	608,540	626,798	3.7
31,000	Vivendi Universal SA	735,706	866,650	5.1
		2,033,517	2,343,149	13.9
	Consumer Staples Issuers			
5,000	Anheuser-Busch InBev NV	508,033	564,400	3.3
		508,033	564,400	3.3
	Industrial Issuers			
23,000	Antofagasta PLC	324,025	333,511	2.0
9,800	CRH PLC	241,682	262,652	1.5
		565,707	596,163	3.5
	Information Technology Issuers			
8,200	Intel Corporation	199,873	226,089	1.3
		199,873	226,089	1.3
	Telecommunication Services Issuers			
17,300	AT&T Inc.	488,720	645,917	3.8
21,000	Bell Aliant, Inc.	565,087	561,330	3.3
106,000	BT Group PLC	324,103	706,968	4.2
7,000	Comcast Corporation	349,601	386,378	2.3
21,300	Deutsche Telekom AG	328,100	388,562	2.3
310,000	Telecom Corporation of New Zealand Limited	451,750	624,867	3.7
216,000	Telecom Italia SPA	323,083	227,851	1.3
24,400	Telefonica SA	601,718	421,535	2.5
45,600	Teliasonera AB	351,779	403,587	2.4
148,000	Telstra Corporation Limited	403,153	737,182	4.3
12,000	Verizon Communications Inc.	438,831	626,280	3.7
121,600	Vodafone Group PLC	333,354	507,150	3.0
		4,959,279	6,237,607	36.8

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

STATEMENT OF INVESTMENTS (continued)
As at December 31, 2013

Number of shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	Utilities Issuers			
13,900	Ameren Corp.	375,354	534,038	3.1
48,000	Drax Group PLC	289,301	675,750	4.0
6,000	Duke Energy Corporation	315,831	439,939	2.6
15,500	E.ON AG	456,011	305,109	1.8
116,000	Electricidade de Portugal SA	433,655	451,924	2.7
16,400	Endesa, SA	490,783	559,451	3.3
9,100	FirstEnergy Corp.	325,326	318,875	1.9
14,100	Fortum OYJ	251,720	343,300	2.0
22,200	Gas Natural SDG SA	407,699	604,544	3.6
10,200	GDF Suez	392,805	254,915	1.5
51,300	Iberdrola SA	433,923	347,595	2.0
8,700	Integrys Energy Group, Inc.	423,777	502,860	3.0
38,500	National Grid PLC	357,053	533,877	3.1
18,200	Pepco Holdings, Inc.	326,491	369,540	2.2
15,200	PPL Corp.	365,875	485,792	2.9
13,720	RWE AG	685,819	535,521	3.2
18,200	SSE PLC	352,065	438,139	2.6
87,000	Terna SPA	400,765	462,623	2.7
45,500	United Utilities Group PLC	420,146	537,665	3.2
24,980	Veolia Environnement	305,795	433,201	2.5
12,500	Verbund AG	258,921	283,206	1.7
		8,069,115	9,417,864	55.6
Total equity investments		**17,736,905**	**20,988,830**	**123.9**
Other assets less liabilities			**(4,046,380)**	**(23.9)**
Net assets			**16,942,450**	**100.0**

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

GTU Portfolio Trust

CONCENTRATION BY GEOGRAPHY AND SEGMENTAS AT DECEMBER 31, 2013

As at	December 31, 2013		December 31, 2012	
Country of Issue	**$***	**As a % of net assets**	**$***	**As a % of net assets**
Canada	(3,674,468)	(21.7)	(3,050,257)	(17.2)
United States of America	5,316,319	31.4	5,928,742	33.5
New Zealand	816,622	4.8	1,366,683	7.7
Europe	8,322,008	49.1	7,928,707	44.8
United Kingdom	4,742,442	28.0	3,893,361	22.0
Sweden	403,587	2.4	394,504	2.2
Switzerland	242,427	1.4	-	-
Australia	773,513	4.6	1,233,256	7.0
Totals	**16,942,450**	**100.0**	**17,694,996**	**100.0**

*Stated in Canadian dollars

The GTU Portfolio Trust investment portfolio is concentrated in the following segments:

	% of net assets as at December 31, 2013	% of net assets as at December 31, 2012
Banking and Other Financial Issuers	9.5	-
Consumer Discretionary Issuers	13.9	9.0
Consumer Staples Issuers	3.3	-
Industrial Issuers	3.5	-
Information Technology Issuers	1.3	-
Telecommunication Services Issuers	36.8	57.8
Utilities Issuers	55.6	61.9

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

1. ORGANIZATION

GTU Portfolio Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2011, being the inception date. There was no significant activity in the Fund from the date of inception, February 25, 2011 to commencement of operations on March 23, 2011. The Fund commenced operations on March 23, 2011 with issuance of 2,419,430 units at $12.00 per unit, for total proceeds of $29,033,160. On April 11, 2011, 84,053 additional units were purchased at $12.21 for additional gross proceeds of $1,026,040, for total proceeds of $30,059,200.

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of investments
The fair value of investments as at the financial reporting date is as follows:

a) Investments are categorized as held for trading in accordance with CPA Canada Handbook Section 3855 Financial Instruments – Recognition and Measurement. Investments held that are traded in an active market are valued at their bid prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. Investments held include equities, listed warrants, short-term notes, treasury bills, bonds and other debt instruments. Investments held with no available bid prices are valued at their closing sale price.

b) Investments held that are not traded on an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager in accordance with Section 3855 methodologies. The fair values of certain securities may be determined using valuation models that are 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 indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity. At December 31, 2013 and 2012, there were no securities that required pricing using assumptions.

National Instrument 81-106 – ''Investment Fund Continuous Disclosure'' (''NI 81-106'') requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net asset value ("NAV") calculated based on NI 81-106 and on net assets calculated based on Canadian GAAP ("Net assets"). The reconciliation between NAV per unit and Net assets per unit at the period end is provided in Note 8.

Cash and cash equivalents
Cash is comprised of cash on deposit. Cash equivalents are comprised of highly liquid investments having terms to maturity of 90 days or less.

Other assets and liabilities
For the purposes of categorization in accordance with CPA Canada Handbook Section 3862, accrued dividends and interest, and other assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, borrowings, accrued expenses and redemptions payable are designated as other financial liabilities and reported at cost or amortized cost, which approximates fair value for these assets and liabilities.

Transaction costs
Transaction costs, such as brokerage commissions, incurred on the purchase and sale of securities by the Fund are expensed in accordance with Section 3855 are recognized in the Statements of Operations in the period in which they are incurred.

Investment transactions and income recognition
Investment transactions are accounted for on the trade date. The cost of investments which represents the amount paid for each security is determined on an average cost basis excluding transaction costs. Realized gains (losses) from the sale of investments and unrealized appreciation (depreciation) of investments are calculated on an average cost basis.

Investment income is recorded on an accrual basis. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Distributions received from income trusts 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 investment trusts treated as a return of capital reduce the average cost of the underlying investment trust. Distributions received from mutual funds are recognized in the same form in which they are received from the underlying funds.

Foreign currency translation
Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statement of Operations in ''Realized gain (loss) on sale of investments'' and ''Unrealized appreciation (depreciation) of investments'', respectively. Realized and unrealized foreign currency gains or losses on assets, liabilities, and income, other than investments denominated in foreign currencies, are included in the Statement of Operations in "Realized gain (loss) on foreign exchange" and "Change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

Securities valuation
The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per Trust unit will be calculated on each Business Day, and any other time as may be determined by the Manager from time to time. "Business Day" means any day on which the TSX is open for trading.

Increase (decrease) in net assets from operations per unit
"Increase (decrease) in net assets from operations per unit" in the Statements of Operations represents the increase (decrease) in net assets from operations, divided by the weighted average units outstanding for the financial period.

Fair value of financial instruments

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liabilities that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

Securities classification:

Investments at fair value as at December 31, 2013				
Equities	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Common stock	20,988,830	-	-	20,988,830
Total investment in securities	**20,988,830**	**-**	**-**	**20,988,830**

Investments at fair value as at December 31, 2012				
Equities	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Common stock	22,771,570	-	-	22,771,570
Total investment in securities	**22,771,570**	**-**	**-**	**22,771,570**

There were no Level 3 securities held by the Fund as at December 31, 2013 and 2012 and there were no transfers between Level 1 and Level 2 for the years ended December 31, 2013 and 2012.

Transition to International Financial Reporting Standards ("IFRS")
Investment entities in Canada that are publicly accountable enterprises are required to adopt IFRS for annual periods beginning on or after January 1, 2014. As a result, calendar year reporters need to prepare their comparative financial information on an IFRS basis as of January 1, 2013, the date of transition to IFRS.

The Fund will have to prepare annual financial statements for the first time as of December 31, 2014 with comparatives in accordance with IFRS and semi-annual financial statements for the first time as of June 30, 2014 with comparatives in accordance with IFRS.

The Manager has developed a plan to convert the Fund's financial statements to IFRS by establishing a cross-functional IFRS team represented by management and the Fund's service providers (accounting and transfer agent). The Fund does not anticipate any impact on its business arrangements.

As at December 31, 2013, the Manager believes that the major areas of difference between the Fund's current accounting policies and those expected to apply under IFRS have been identified, including the:

- classification of redeemable instruments issued by the Fund,
- elimination of the differences between net asset value per unit and net asset per unit, and
- classification and measurement of the Fund's investments.

The table in Note 8 summarizes the 2013 quantitative impact of the changeover from Canadian GAAP to IFRS.

3. UNITHOLDERS' EQUITY

The authorized capital of the Fund consists of an unlimited number of transferable, units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, 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 in any and all distributions made by the Fund.

Redemptions
Units may be redeemed for a redemption price per Unit (the "Redemption Amount") equal to the Net Asset value per Unit as at any Business Day (each a "Redemption Date"). Units surrendered for redemption by a Unitholder on or before 4:00 p.m. (Toronto time) on any Redemption Date will be redeemed as at such Redemption Date and the Unitholder will receive payment in respect of any Units surrendered for redemption on the second Business Day after the Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

The following units were redeemed and/or cancelled during the year:

	Total units outstanding
Total outstanding as at December 31, 2011	**2,329,130**
Subscriptions	-
Reinvestment of distributions	-
Consolidation of units	-
Units redeemed	(771,491)
Total outstanding as at December 31, 2012	**1,557,639**
Subscriptions	-
Reinvestment of distributions	(162,953)
Consolidation of units	162,953
Units redeemed	(397,159)
Total outstanding as at December 31, 2013	**1,160,480**

Distributions
All distributions will be paid in units. Immediately after any distribution in units, the number of outstanding units will be consolidated such that each unitholder will hold the same number of units as it held before the distribution.

4. EXPENSES

Management fees
Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing or arranging for managing the Fund's overall business and operations. The Manager has retained Avenue Investment Management Inc. (''Avenue'' or the "Investment Manager") to provide investment management services to the Fund and pays Avenue a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's net assets. The Manager is entitled to a fee of 1.00% of the average NAV, plus applicable taxes, payable monthly.

Operating expenses
The Fund is responsible for all expenses relating to the operation and the carrying on of its business, including legal fees and audit fees, interest, taxes and administrative costs relating to the redemption of securities as well as the cost of financial and other reports and compliance with applicable laws, regulations and policies.

5. FINANCIAL RISK MANAGEMENT

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers.

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

The Investment Manager of the Fund has attempted to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

As at December 31, 2013, 123.9%, (December 2012 – 128.7%) of the Fund's net assets were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at year end, with all other factors remaining constant, net assets would have increased or decreased by approximately $1,049,442 (December 31, 2012 - $1,138,579).

In practice, the actual trading results may differ and the difference could be material.

Currency risk
Currency risk is the risk that the value of investments denominated in currencies other than the financial currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund, buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

The table below summarizes the Fund`s exposure to currency risk as at December 31, 2013 and 2012. Amounts shown are based on the carrying value of the monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of the forward currency contracts (if any)).

	As at December 31, 2013		As at December 31, 2012	
Currency	**Currency exposure ($)***	**As a % of net assets (%)**	**Currency exposure ($)***	**As a % of net assets (%)**
Euro	8,322,008	49.1	7,928,707	44.8
U.S. dollar	5,316,319	31.4	5,928,742	33.5
Pound sterling	4,742,442	28.0	3,893,361	22.0
New Zealand Dollar	816,622	4.8	1,366,683	7.7
Australian Dollar	773,513	4.6	1,233,256	7.0
Swedish Krona	403,587	2.4	394,504	2.2
Swiss Franc	242,427	1.4	-	-
Totals	**20,616,918**	**121.7**	**20,745,253**	**117.2**

*Amounts are stated in Canadian dollars

As at December 31, 2013, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately $1,030,846 (December 31, 2012 - $1,037,263) or 6.1% (December 31, 2012 – 5.9%) of total net assets. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. A fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. The Fund does not hold any bonds or money market instruments, therefore, the Fund's exposure to interest rate risk is insignificant.

A Fund that has an interest-bearing liability is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at December 31, 2013, the Fund had a bank overdraft of $4,136,595 (December 31, 2012 - $5,095,256). If interest rates were to change by 1.0%, the interest expense could increase (decrease) by $41,366 (December 31, 2012- $50,953).

Liquidity risk
Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through the Forward Agreement. The Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity. At December 31, 2013 and 2012, all of the Fund's financial liabilities had maturities of less than three months.

As at December 31, 2013 and 2012, all of the Fund's financial liabilities had maturities of less than three months.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund has exposure to credit risk through its prime brokerage relationship with a Canadian chartered bank (the “Prime Broker”). At December 31, 2013 and 2012, the Prime Broker had a credit rating of A+ from Standard & Poor`s.

6. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager.

The value of such research services included in commissions paid to brokers for the years ended December 31, 2013 and 2012 were $NIL.

7. INCOME TAXES

The Trust is a financial institution for purposes of the "specific debt obligation" and "mark-to-market" rules contained in the Income Tax Act (Canada) at any time if more than 50% of the fair market value of all interests in the Trust are held at that time by one or more such financial institutions. The Trust will be subject to tax in each taxation year under Part I of the Income Tax Act (Canada) on the amount of its income for the year, including net realized and unrealized gains, if any, less the portion thereof that it deducts in respect of the amount paid or payable to unitholders in the period. The Trust may also be subject to "minimum tax" under the Tax Act. At the Trust’s 2013 taxation year end, there were no losses for tax purposes.

8. NET ASSET VALUE AND NET ASSETS

CPA Canada Handbook Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for long positions held and the asking price for short positions held.

The net asset value per unit for purposes of unitholder transactions (i.e. purchases, switches, redemptions) and net assets per unit calculated in accordance with Section 3855 is shown below:

Per Unit:	NAV	Net Assets
As at December 31, 2013	$14.61	$14.60
As at December 31, 2012	$11.39	$11.36

9. BORROWINGS

The Fund established a revolving margin with its Prime Broker, a Canadian chartered bank. Interest charged is included in “Interest expense” on the Statements of Operations. The Fund has the facility in place to borrow up to 33.3 percent of the Fund’s NAV. The overdraft function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings.

The amount drawn on the margin was $4,136,595 (December 31, 2012 - $5,095,256) or 24.4% (December 31, 2012 - 28.8%) of total net assets at December 31, 2013. For the year ended December 31, 2013 the Fund recorded interest expense of $95,855 (2012 - $120,180). The amount of borrowings ranged between $4,136,595 and $5,095,256 during the year (December 2012 between $4,557,901 and $5,095,256) and represented 24.4% to 30.1% of the Fund’s Net Assets during the year ended December 31, 2013 (December 31, 2012 – 25.8% - 28.8%).

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's simplified prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.