

# Semi-Annual Financial Statements - June 30, 2018



**ivari**<sup>™</sup> CI Portfolios

ivari CI Conservative Portfolio



Canada's Investment Company



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CI Investments 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.

# ivari CI Conservative Portfolio

Financial Statements (unaudited)

## Statements of Financial Position

(in \$000's except for per unit amounts and units outstanding)

	as at	
	Jun. 30, 2018	Dec. 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Investments*	62,132	66,222
Cash	133	-
Fees rebate receivable	2	2
Dividends receivable	-	13
Interest receivable	-	-
Receivable for distribution from investments	-	81
Receivable for investments sold	-	872
Receivable for unit subscriptions	-	42
	62,267	67,232
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	202
Payable for investments purchased	-	-
Payable for unit redemptions	102	57
Distributions payable to holders of redeemable units	-	-
	102	259
<b>Net assets attributable to holders of redeemable units</b>	<b>62,165</b>	<b>66,973</b>
*Investments at cost	60,525	63,709

## Statements of Financial Position (cont'd)

(in \$000's except for per unit amounts and units outstanding)

	Net assets attributable to holders of redeemable units per class (Note 4):		Net assets attributable to holders of redeemable units per unit:		Number of redeemable units outstanding:	
	as at	as at	as at	as at	as at	as at
	Jun. 30, 2018	Dec. 31, 2017	Jun. 30, 2018	Dec. 31, 2017	Jun. 30, 2018	Dec. 31, 2017
Class I	62,165	66,973	10.00	9.82	6,218,902	6,817,422

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

# ivari CI Conservative Portfolio

Financial Statements (unaudited)

## Statements of Comprehensive Income

for the periods ended June 30

(in \$000's except for per unit amounts and number of units)

	2018	2017
<b>Income</b>		
Net gain (loss) on investments and derivatives		
Dividends	22	24
Interest for distribution purposes	3	1
Income distributions from investments	757	773
Capital gain distributions from investments	669	1,141
Net realized gain (loss) on sale of investments and derivatives	271	806
Change in unrealized appreciation (depreciation) in value of investments and derivatives	(906)	(284)
<b>Total net gain (loss) on investments and derivatives</b>	<b>816</b>	<b>2,461</b>
Other income		
Foreign exchange gain (loss) on cash	-	-
Fees rebate (Note 5)	268	342
<b>Total other income</b>	<b>268</b>	<b>342</b>
<b>Total income</b>	<b>1,084</b>	<b>2,803</b>
<b>Expenses</b>		
Management fees (Note 5)	-	-
Commissions and other portfolio transaction costs	-	-
Harmonized sales tax	-	-
<b>Total expenses</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>1,084</b>	<b>2,803</b>

## Statements of Comprehensive Income (cont'd)

for the periods ended June 30

(in \$000's except for per unit amounts and number of units)

	Increase (decrease) in net assets attributable to holders of redeemable units per class:		Increase (decrease) in net assets attributable to holders of redeemable units per unit:		Weighted average number of units:	
	2018	2017	2018	2017	2018	2017
Class I	1,084	2,803	0.16	0.40	6,510,727	7,052,376

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

# ivari CI Conservative Portfolio

Financial Statements (unaudited)

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units for the periods ended June 30 (in \$000's)

	Class I	
	2018	2017
<b>Net assets attributable to holders of redeemable units at the beginning of period</b>	66,973	74,073
Increase (decrease) in net assets attributable to holders of redeemable units	1,084	2,803
<b>Distributions to holders of redeemable units</b>		
From net investment income	-	-
From net realized gains	-	-
Return of capital	-	-
<b>Total distributions to holders of redeemable units</b>	-	-
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	1,693	1,627
Reinvestment of distributions to holders of redeemable units	-	-
Redemption of redeemable units	(7,585)	(8,500)
<b>Net increase (decrease) from redeemable unit transactions</b>	(5,892)	(6,873)
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	(4,808)	(4,070)
<b>Net assets attributable to holders of redeemable units at the end of period</b>	62,165	70,003

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

# ivari CI Conservative Portfolio

Financial Statements (unaudited)

## Statements of Cash Flows

for the periods ended June 30 (in \$000's)

	2018	2017
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	1,084	2,803
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(271)	(806)
Unrealized foreign exchange (gain) loss on cash	-	-
Commissions and other portfolio transaction costs	-	-
Change in unrealized (appreciation) depreciation in value of investments and derivatives	906	284
Proceeds from sale and maturity of investments and derivatives	5,846	10,854
Purchase of investments and derivatives	(12)	(4,251)
Non-cash distributions from investments	(1,426)	(1,914)
(Increase) decrease in dividends receivable	13	-
(Increase) decrease in interest receivable	-	-
Change in other accounts receivable and payable	-	(1)
<b>Net cash from (used in) operating activities</b>	<b>6,140</b>	<b>6,969</b>
<b>Cash flows from (used in) financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	-	-
Proceeds from issuance of redeemable units	1,735	1,673
Amounts paid on redemption of redeemable units	(7,540)	(8,728)
<b>Net cash from (used in) financing activities</b>	<b>(5,805)</b>	<b>(7,055)</b>
Unrealized foreign exchange gain (loss) on cash	-	-
Net increase (decrease) in cash	335	(86)
Cash (bank overdraft), beginning of period	(202)	517
<b>Cash (bank overdraft), end of period</b>	<b>133</b>	<b>431</b>
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	35	24
Interest received, net of withholding tax*	3	1
Dividends paid*	-	-
Interest paid*	-	-
Tax recoverable (paid)	-	-

\*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.

# ivari CI Conservative Portfolio

Schedule of Investment Portfolio as at June 30, 2018 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
<b>FUND(S) (95.1%)</b>			
23,007	Black Creek International Equity Corporate Class (A Shares) <sup>†</sup>	436,040	426,962
248,864	Cambridge Canadian Dividend Corporate Class (A Shares) <sup>†</sup>	2,690,927	2,844,316
98,113	Cambridge Global Equity Corporate Class (A Shares) <sup>†</sup>	1,397,252	1,589,885
98,478	CI American Value Corporate Class (A Shares) <sup>†</sup>	1,503,960	1,943,698
79,155	CI Canadian Investment Corporate Class (A Shares) <sup>†</sup>	1,600,487	1,738,694
380,383	CI Income Fund (Class C) <sup>†</sup>	4,575,551	4,424,616
113,754	CI International Value Corporate Class (A Shares) <sup>†</sup>	1,515,932	1,780,293
2,100,334	Foresters Asset Management Canadian Bond Pool	21,020,736	20,700,681
66,778	Harbour Corporate Class (A Shares) <sup>†</sup>	1,802,630	1,794,501
156,208	Signature Corporate Bond Fund (Class I) <sup>†</sup>	1,679,728	1,666,047
236,267	Signature Diversified Yield II Fund (Class I) <sup>†</sup>	2,641,352	2,550,569
32,747	Signature Emerging Markets Corporate Class (A Shares) <sup>†</sup>	545,163	612,967
1,200,146	Signature Global Bond Fund (Class I) <sup>†</sup>	9,954,645	10,065,386
90,572	Signature Select Canadian Corporate Class (A Shares) <sup>†</sup>	2,311,588	2,553,892
248,189	Synergy Canadian Corporate Class (A Shares) <sup>†</sup>	4,134,752	4,440,778
		<b>57,810,743</b>	<b>59,133,285</b>
<b>EXCHANGE-TRADED FUND(S) (4.8%)</b>			
97,700	First Asset MSCI World Low Risk Weighted ETF <sup>††</sup>	2,715,068	2,998,902
<b>Commissions and other portfolio transaction costs</b>		(977)	
<b>Total Investment Portfolio (99.9%)</b>		<b>60,524,834</b>	62,132,187
<b>Other Net Assets (Liabilities) (0.1%)</b>			32,465
<b>Net Assets Attributable to Holders of Redeemable Units (100.0%)</b>			<b>62,164,652</b>

<sup>†</sup>The Fund invests in Underlying Funds. The Fund and the Underlying Funds are commonly managed by CI Investments Inc.

<sup>††</sup>The Fund invests in Underlying Fund that is managed by First Asset Investment Management Inc. CI Investments Inc., the Manager of the Fund, and First Asset Investment Management Inc. are both controlled by CI Financial Corp.

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

# ivari CI Conservative Portfolio

Fund Specific Notes to Financial Statements (unaudited)

## Interest in Non-Consolidated Structured Entities (Note 2)

The following tables present the Fund's interest in Non-Consolidated Structured Entities.

as at June 30, 2018

Non-Consolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETFs (in \$000's)	Fair Value of the Fund's Investment in the Underlying Fund(s) / ETFs (in \$000's)	Ownership in the Underlying Fund(s) / ETFs (%)
Foresters Asset Management Canadian Bond Pool	220,586	20,700	9.4
Cambridge Canadian Dividend Corporate Class	132,153	2,844	2.2
Signature Global Bond Fund	1,838,643	10,064	0.5
First Asset MSCI World Low Risk Weighted ETF	588,010	2,999	0.5
Synergy Canadian Corporate Class	1,254,992	4,441	0.4
CI American Value Corporate Class	544,686	1,944	0.4
CI Canadian Investment Corporate Class	425,610	1,739	0.4
Harbour Corporate Class	589,910	1,795	0.3
CI International Value Corporate Class	583,972	1,780	0.3
Signature Select Canadian Corporate Class	1,095,631	2,554	0.2
Signature Emerging Markets Corporate Class	371,761	613	0.2
CI Income Fund	7,373,936	4,425	0.1
Signature Diversified Yield II Fund	2,666,934	2,551	0.1
Signature Corporate Bond Fund	3,103,745	1,666	0.1
Cambridge Global Equity Corporate Class	1,931,116	1,590	0.1
Black Creek International Equity Corporate Class	481,161	427	0.1

as at December 31, 2017

Non-Consolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETFs (in \$000's)	Fair Value of the Fund's Investment in the Underlying Fund(s) / ETFs (in \$000's)	Ownership in the Underlying Fund(s) / ETFs (%)
Foresters Asset Management Canadian Bond Pool	219,757	21,799	9.9
Cambridge Canadian Dividend Corporate Class	133,119	3,018	2.3
Signature Global Bond Fund	1,846,691	10,710	0.6
First Asset MSCI World Low Risk Weighted ETF	577,856	2,961	0.5
Synergy Canadian Corporate Class	1,237,114	4,765	0.4
CI American Value Corporate Class	533,991	2,197	0.4
CI Canadian Investment Corporate Class	452,176	1,726	0.4
Harbour Corporate Class	638,999	2,082	0.3
CI International Value Corporate Class	583,323	2,009	0.3
Signature Select Canadian Corporate Class	1,118,928	2,752	0.2
Signature Emerging Markets Corporate Class	376,777	676	0.2
CI Income Fund	8,270,320	4,495	0.1
Signature Diversified Yield II Fund	3,129,339	2,709	0.1
Cambridge Global Equity Corporate Class	2,044,270	2,005	0.1
Signature Corporate Bond Fund	3,152,617	1,644	0.1
Black Creek International Equity Corporate Class	460,319	674	0.1

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



# ivari CI Conservative Portfolio

Fund Specific Notes to Financial Statements (unaudited)

## Commissions (Note 2)

for the periods ended June 30 (in \$000's)

	2018	2017
Brokerage commissions	-	-
Soft dollar commissions <sup>†</sup>	-	-

## Redeemable Unit Transactions (Note 4)

for the periods ended June 30

	Class I	
	2018	2017
<b>Number of redeemable units at the beginning of period</b>	6,817,422	7,434,985
Redeemable units issued for cash	172,368	158,531
Redeemable units issued for reinvested distributions	-	-
Redeemable units redeemed	(770,888)	(829,995)
<b>Number of redeemable units at the end of period</b>	6,218,902	6,763,521

<sup>†</sup>A portion of brokerage commissions paid was used to cover research and market data services, termed soft dollar commissions. This amount has been estimated by the Manager of the Fund. The accompanying notes are an integral part of these financial statements.

# ivari CI Conservative Portfolio

Fund Specific Notes to Financial Statements (unaudited)

## Management and Administration Fees (Note 5)

as at June 30, 2018 (%)

	Annual management fee rate:	Annual fixed administration fee rate:
Class I	Paid directly by investor	-

## Related Party Investments (Note 8)

as at June 30 (in \$000's)

Investments	2018
Black Creek International Equity Corporate Class (A Shares)	427
Cambridge Canadian Dividend Corporate Class (A Shares)	2,844
Cambridge Global Equity Corporate Class (A Shares)	1,590
CI American Value Corporate Class (A Shares)	1,944
CI Canadian Investment Corporate Class (A Shares)	1,739
CI Income Fund (Class C)	4,425
CI International Value Corporate Class (A Shares)	1,780
First Asset MSCI World Low Risk Weighted ETF	2,999
Harbour Corporate Class (A Shares)	1,795
Signature Corporate Bond Fund (Class I)	1,666
Signature Diversified Yield II Fund (Class I)	2,551
Signature Emerging Markets Corporate Class (A Shares)	613
Signature Global Bond Fund (Class I)	10,064
Signature Select Canadian Corporate Class (A Shares)	2,554
Synergy Canadian Corporate Class (A Shares)	4,441

Investments	2017
Black Creek International Equity Corporate Class (A Shares)	700
Cambridge Canadian Dividend Corporate Class (A Shares)	3,347
Cambridge Global Equity Corporate Class (A Shares)	2,147
Cambridge Income Corporate Class (A Shares)	4,110
CI American Value Corporate Class (A Shares)	2,282
CI Canadian Investment Corporate Class (A Shares)	1,660
CI Income Fund (Class C)	2,139
CI International Value Corporate Class (A Shares)	2,201
First Asset MSCI World Low Risk Weighted ETF	2,907
Harbour Corporate Class (A Shares)	2,209
Signature Corporate Bond Fund (Class I)	1,620
Signature Diversified Yield II Fund (Class I)	3,526
Signature Emerging Markets Corporate Class (A Shares)	726
Signature Global Bond Fund (Class I)	10,861
Signature Select Canadian Corporate Class (A Shares)	1,492
Synergy Canadian Corporate Class (A Shares)	4,860

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

# ivari CI Conservative Portfolio

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 9)

### Concentration Risk

The Fund's investments were concentrated in the following Underlying Funds.

as at June 30, 2018

Funds	Net Assets (%)
Foresters Asset Management Canadian Bond Pool	33.2
Signature Global Bond Fund (Class I)	16.2
CI Income Fund (Class C)	7.1
Synergy Canadian Corporate Class (A Shares)	7.1
First Asset MSCI World Low Risk Weighted ETF	4.8
Cambridge Canadian Dividend Corporate Class (A Shares)	4.6
Signature Diversified Yield II Fund (Class I)	4.1
Signature Select Canadian Corporate Class (A Shares)	4.1
CI American Value Corporate Class (A Shares)	3.1
CI International Value Corporate Class (A Shares)	2.9
Harbour Corporate Class (A Shares)	2.9
CI Canadian Investment Corporate Class (A Shares)	2.8
Signature Corporate Bond Fund (Class I)	2.7
Cambridge Global Equity Corporate Class (A Shares)	2.6
Signature Emerging Markets Corporate Class (A Shares)	1.0
Black Creek International Equity Corporate Class (A Shares)	0.7
Other Net Assets (Liabilities)	0.1

as at December 31, 2017

Funds	Net Assets (%)
Foresters Asset Management Canadian Bond Pool	32.6
Signature Global Bond Fund (Class I)	16.0
Synergy Canadian Corporate Class (A Shares)	7.1
CI Income Fund (Class C)	6.7
Cambridge Canadian Dividend Corporate Class (A Shares)	4.5
First Asset MSCI World Low Risk Weighted ETF	4.4
Signature Select Canadian Corporate Class (A Shares)	4.1
Signature Diversified Yield II Fund (Class I)	4.0
CI American Value Corporate Class (A Shares)	3.3
Harbour Corporate Class (A Shares)	3.1
Cambridge Global Equity Corporate Class (A Shares)	3.0
CI International Value Corporate Class (A Shares)	3.0
CI Canadian Investment Corporate Class (A Shares)	2.6
Signature Corporate Bond Fund (Class I)	2.5
Other Net Assets (Liabilities)	1.1
Black Creek International Equity Corporate Class (A Shares)	1.0
Signature Emerging Markets Corporate Class (A Shares)	1.0

For details relating to credit risk, other price risk, currency risk, interest rate risk and fair value hierarchy, refer to the audited annual financial statements as at December 31, 2017, as the Fund's exposure to those risks remains unchanged.

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

# ivari CI Portfolios

## Notes to the Financial Statements (unaudited)

### 1. THE FUNDS

The following Funds are unincorporated open-end trusts created under the laws of the Province of Ontario. The address of the Funds' registered office is 2 Queen Street East, Twentieth Floor, M5C 3G7, Toronto, Ontario. These financial statements were authorized for issue by CI Investments Inc. (the "Manager") on August 13, 2018. CI Investments Inc. is a subsidiary of CI Financial Corp.

The objective of each Fund is to pool and manage money contributed by investors (the "Unitholders") with similar investment goals. The Funds invest in underlying funds. Investments may be held for income or capital appreciation or both. Unitholders share the Fund's income, expenses, and any gains or losses a Fund makes on its investments generally in proportion to the value of the units they own.

Fund	Inception Date
ivari CI Balanced Portfolio	September 1, 2012
ivari CI Canadian Balanced Portfolio	September 1, 2012
ivari CI Conservative Portfolio	September 1, 2012
ivari CI Growth Portfolio	September 1, 2012
ivari CI Maximum Growth Portfolio	September 1, 2012

(collectively the "Funds", individually a "Fund")

CI Investments Inc. is the trustee (the "Trustee") of the Funds. RBC Investor Services Trust is the custodian (the "Custodian") of the Funds.

Each Fund offers Class I units.

The Statements of Financial Position are as at June 30, 2018 and December 31, 2017. The Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the periods ended June 30, 2018 and 2017.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been 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 Funds:

Effective January 1, 2018, the Funds retrospectively without restatement adopted IFRS 9, *Financial Instruments* ("IFRS 9"). The new standard requires financial assets to be either carried at amortized cost, or at fair value, with changes in fair value recognized in profit and loss ("FVTPL") or in other comprehensive income ("FVOCI") based on the Funds' business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Funds manage their investments in financial assets with the objective of realizing cash flows through both the sale of the assets and income generated from those assets. The Portfolio Managers make decisions based on the assets' fair values and manage the assets to realize those fair values.

Upon transition to IFRS 9, the Funds' financial assets and financial liabilities previously designated as FVTPL or classified as held for trading under IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for any of the Funds' financial assets and financial liabilities upon transition to IFRS 9.

In accordance with IFRS 10: *Consolidated Financial Statements*, the Manager has determined that the Funds meet the definition of an Investment Entity which requires that the Funds obtain funds from one or more investors for the purpose of providing investment management services, commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of their investments on a fair value basis. Consequently, the Funds do not consolidate their investment in subsidiaries, if any, but instead measure these at FVTPL, as required by the accounting standard.

#### a. Classification and recognition of financial instruments

The Funds classify and measure their investments (such as fixed-income securities, equity securities, investment funds, exchange-traded funds and derivatives) based on both the Funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The contractual cash flows of the Funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments and derivatives are measured at FVTPL. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivative contracts that have a negative fair value are presented as liabilities at FVTPL.

The Funds' 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.

#### b. Fair valuation of financial investments

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. Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, and terms of the warrant. Fixed-income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers. Underlying funds are valued on each business day at their net asset value as reported by the underlying funds' managers.

#### c. Cash

Cash is comprised of cash on deposit.

#### d. Cost of investments

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

# ivari CI Portfolios

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

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### e. Investment transactions and income recognition

Investment transactions are recorded on the trade date – the date on which a 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 Funds and is accounted for on an accrual basis. The Funds do 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.

Distributions received from underlying funds 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 underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the underlying funds.

### f. Foreign exchange

The Funds’ functional and presentation currency is Canadian dollar. 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 those relating to other financial assets and liabilities are presented within “Net realized gain (loss) on sale of investments” and “Change in unrealized appreciation (depreciation) in value of investments” in the Statements of Comprehensive Income.

### g. Unit valuation

Net asset value (“NAV”) per unit is calculated at the end of each day on which the Toronto Stock Exchange is open for business by dividing the total NAV of a Fund by the number of units outstanding. The NAV is computed by calculating the value of the Fund’s assets less the Fund’s liabilities.

As at June 30, 2018, December 31, 2017 and June 30, 2017, 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.

### h. Classification of units

The units of each Fund have been classified as liabilities, because each Fund has a limited life.

### i. Commissions and other portfolio transaction

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.

Funds that invest only in units of underlying funds are not subject to transaction costs.

### j. 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 of a Fund by the weighted average number of units outstanding during the period.

### k. Investments in associates, joint ventures, subsidiaries and structured entities

Subsidiaries are entities, including investments in other investment entities, over which a Fund has control. A Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. Associates and joint ventures are investments over which a Fund has significant influence or joint control. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Manager has determined that underlying funds or exchange-traded funds held typically by the Funds meet the definition of structured entities. The Funds account for their investments in unconsolidated structured entities at FVTPL.

The Funds that invest in underlying funds are subject to the terms and conditions of the respective underlying funds’ offering documents and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. All of the underlying funds in the investment portfolio are managed by portfolio managers who are compensated by the respective underlying funds for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of each of the underlying funds, except when the Funds invest in certain classes of the underlying funds where the compensation to portfolio managers is negotiated and paid outside each of the underlying funds. The underlying funds finance their operations by issuing redeemable units that entitle the holders to an equal beneficial interest in the corresponding underlying fund. The Funds can redeem their investments in the underlying funds on a daily basis. These investments are included in “Investments” at FVTPL in the Statements of Financial Position. The Funds’ maximum exposure to loss from their interest in underlying funds is equal to the total fair value of their investments in underlying funds.

The Funds invest in Exchange-Traded Funds (“ETFs”) which are disclosed on the Schedule of Investment Portfolio. The Funds have determined that their investments in ETFs meet definition of unconsolidated structured entities. These ETFs finance their operations by issuing redeemable shares which are puttable at the holder’s option and entitle the holder to a proportional stake in each ETF’s net asset value. The ETFs are domiciled in Canada and listed on recognized public stock exchanges. The Funds’ maximum exposure to loss from their interest in ETFs is equal to the total fair value of their investments in the ETFs.

Information related to Interest in Non-Consolidated Structured Entities for each Fund appears under the Fund Specific Notes to Financial Statements.

### l. Harmonized sales tax

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax (“PST”) with the federal goods and services tax (“GST”). The Harmonized Sales Tax (“HST”) combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax (“QST”) of 9.975%. The Provincial HST liability or refund is calculated using the residency of unitholders and the value of their interest in the Fund as at specific times, rather than the physical location of the Fund. The effective sales tax rate charged to each class of the Fund is based on the unitholders’ proportionate investments by province, using each province’s HST rate, GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as “Harmonized sales tax” in the Statements of Comprehensive Income.

# ivari CI Portfolios

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

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### 3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS 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 their reporting period.

The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing their financial statements:

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

The fair value of investments in underlying funds that are not quoted in active markets is determined primarily by reference to the latest available net asset value of such units for each underlying fund, as determined by the underlying funds' managers.

### 4. REDEEMABLE UNITS

Redeemable units issued and outstanding represent the capital of each Fund.

Each Fund is authorized to issue an unlimited number of redeemable, transferable units of one class. Generally, the Funds have no restrictions or specific capital requirements, except for the minimum initial investment which is determined when an investor enters into agreement with the Manager. The relevant changes pertaining to subscription and redemption of each Fund's units are disclosed in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives and risk management policies outlined in Note 1 and 9, the Funds endeavor to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions through utilizing a short-term borrowing facility or disposal of investments when necessary.

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

### 5. FEES AND OTHER EXPENSES

The Manager of each Fund provides management and administrative services required in the day-to-day operations of each of the Funds.

The Funds offer only Class I units. Class I units are only available to institutional clients and investors who have been approved by the Manager. With respect to Class I units, no management fees are charged directly to the Funds; each investor negotiates a separate fee which is payable directly to the Manager.

A Fund that invests in units of underlying funds will not pay a duplicate management fees on the portion of assets that are invested in units of underlying funds. During the reporting period, Fund may have received a management fee rebates from the underlying funds' Manager relating to its investment in the underlying funds. The management fee rebates are included in "Fees rebate receivable" and in "Fees rebate" as reflected in the Statements of Financial Position and Statements of Comprehensive Income of each Fund, as applicable.

### 6. TAXATION

The Funds qualify as unit trusts under the provisions of the *Income Tax Act* (Canada) and are not subject to tax on net income, including net realized taxable capital gains for the taxation year, which is paid or payable to unitholders at the end of the taxation year. However, such part of each Fund's taxable income and net realized capital gains that is not so paid or payable to its unitholders will be taxable to that Fund. It is the intention of each Fund to distribute all net taxable income and sufficient net realized capital gains so that the Fund will not be subject to income tax. As a result, the Funds do

not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as deferred income tax asset. Occasionally, a Fund may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders.

### 7. REINVESTMENT OF DISTRIBUTIONS

When a Fund pays a distribution to a unitholder, it will be paid in the same currency in which the units are held. Distributions are automatically reinvested without charge in the same Fund or paid out in cash to the unitholder at the unitholder's discretion.

### 8. RELATED PARTY TRANSACTIONS

The Funds may have direct or indirect holdings in CI Financial Corp. or its affiliates or other funds managed by the Manager as identified in the Fund Specific Notes to Financial Statements.

### 9. FINANCIAL INSTRUMENTS RISK

#### **Risk management**

The Funds invest in units of underlying funds and are exposed to a variety of financial instruments risks: credit risk, liquidity risk and market risk (including other price risk, currency risk and interest rate risk). The level of risk to which each Fund is exposed depends on the investment objective and the type of investments held by the underlying funds. The value of investments within an underlying fund portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news related to investments held by the underlying fund and this will affect the value of each of the Funds. The Manager of the underlying fund may minimize potential adverse effects of these risks by, but not limited to, regular monitoring of the underlying fund's positions and market events, diversification of the investment portfolio by asset type, country, sector, term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

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

#### **Credit risk**

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the credit worthiness of the debt issuer.

Credit ratings for debt 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, respectively.

The Funds invest only in units of underlying funds and are exposed to indirect credit risk in the event that the underlying funds invest in debt instruments, preferred securities and derivatives.

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, 2018 was AA- (December 31, 2017 – AA-).

# ivari CI Portfolios

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

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### Liquidity risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations, on time or at a reasonable price. The Funds are exposed to daily cash redemption of redeemable units. The Funds invest all of their assets in underlying funds which can be readily disposed of. All financial liabilities are due within three months.

### Market risk

The Funds' 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). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant other price risk.

#### *Currency Risk*

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, the functional currency of the Funds and the underlying funds. As a result, the Funds and the underlying funds may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Equities traded in foreign markets are also exposed to currency risk as the prices denominated in foreign currencies are converted to underlying funds' functional currency to determine their fair value.

The Funds invest only in units of underlying funds and are exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than the functional currency of the Fund.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the underlying funds that invest in debt securities and/or income trusts will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt securities may increase due to increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease which may then lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities.

Interest rate risk also applies to convertible securities. The fair value of these securities varies inversely with interest rates, similar to other debt securities. However, since they may be converted into common shares, convertible securities are generally less affected by interest rate fluctuations than other debt securities.

The Funds invest only in units of underlying funds and are exposed to indirect interest rate risk in the event that the underlying funds invest in interest bearing financial instruments.

### Fair value hierarchy

The Funds are required to classify financial instruments measured at fair value using a fair value hierarchy. Investments whose values are based on quoted market prices in active markets are classified as Level 1. This level may include publicly traded equities, exchange-traded and retail mutual funds, exchange-traded warrants, futures contracts, traded options, American depository receipts ("ADRs") and Global depository receipts ("GDRs").

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2. These may include fixed-income securities, mortgage-backed securities ("MBS"), short-term instruments, non-traded warrants, over-the-counter options, structured notes of indexed securities, foreign currency forward contracts and swap instruments.

Investments classified as Level 3 have significant unobservable inputs. Level 3 instruments may include private equities, private term loans, private equity funds and certain derivatives. As observable prices are not available for these securities, the Funds may use a variety of valuation techniques to derive their fair value.

The Funds invest only in other investment funds and these investments are classified as Level 1. The Funds' 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.

For details relating to financial instruments risk exposure including credit risk, other price risk, currency risk, interest rate risk and fair value hierarchy classification refer to the audited annual financial statements as at December 31, 2017, as the Funds exposure to those risks remained the same throughout the period.

### 10. NOTICE OF FILING EXEMPTION

On behalf of the Funds, the Funds' Manager has advised the Ontario Securities Commission ("OSC") that Funds are relying on the filing exemption in accordance with part 2.11 of National Instrument 81-106. Consequently, these financial statements will not be filed with the OSC.

# ivari CI Portfolios

## *Legal Notice*

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