

# Semi-Annual Financial Statements - June 30, 2019



## Clarica Segregated Funds



*managed by CI Investments Inc.*



*issued by Sun Life Assurance Company of Canada*

# Table of Contents

---

## **Equity Fund(s)**

Clarica CI Dividend Equity Benefit Fund .....	1
Clarica CI Equity Fund B .....	7
Clarica CI North American Equity Fund .....	13

## **Income Fund(s)**

Clarica Income Fund 2 .....	19
-----------------------------	----

<b>Notes to the Financial Statements</b> .....	25
------------------------------------------------	----

<b>Legal Notice</b> .....	28
---------------------------	----

CI Investments Inc., the Manager of the Funds, appoints independent auditors to audit the Funds' 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 Chartered Professional Accountants of Canada.

# Clarica CI Dividend Equity Benefit Fund

Financial Statements (unaudited)

## Statements of Financial Position

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

	as at Jun. 30, 2019	as at Dec. 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Investments*	15,548	14,688
Cash	63	17
Fees rebate receivable	-	-
Dividends receivable	-	-
Interest receivable	-	-
Receivable for investments sold	-	-
Receivable for unit subscriptions	-	1
	15,611	14,706
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Payable for investments purchased	1	1
Payable for unit redemptions	1	1
Management fees payable	-	-
Administration fees payable	-	-
Insurance fees payable	-	-
	2	2
<b>Net assets attributable to contractholders</b>	<b>15,609</b>	<b>14,704</b>
*Investments at cost	15,544	16,078
<b>Net assets attributable to contractholders per unit:</b>		
Class A	1,135.37	1,012.00

## Statements of Comprehensive Income

for the periods ended June 30

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

	2019	2018
<b>Income</b>		
Net gain (loss) on investments		
Dividends	-	-
Income distributions from investments	199	176
Capital gain distributions from investments	256	557
Net realized gain (loss) on sale of investments	(5)	65
Change in unrealized appreciation (depreciation) in value of investments	1,394	(330)
Other income		
Interest	-	-
Fees rebate (Note 6)	-	-
	1,844	468
<b>Expenses (Note 6)</b>		
Management fees	31	36
Administration fees	16	18
Insurance fees	16	18
Harmonized sales tax	6	7
	69	79
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	<b>1,775</b>	<b>389</b>
<b>Increase (decrease) in net assets from operations attributable to contractholders per unit:</b>		
Class A	125.26	25.00
<b>Weighted average number of units:</b>		
Class A	14,173	15,542

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI Dividend Equity Benefit Fund

Financial Statements (unaudited)

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

	2019	2018
<b>Fund</b>		
<b>Net assets attributable to contractholders at the beginning of period</b>	14,704	18,344
Increase (decrease) in net assets from operations attributable to contractholders	1,775	389
<b>Unit transactions</b>		
Proceeds from issuance of units	36	35
Amounts paid on redemption of units	(906)	(728)
	(870)	(693)
<b>Net assets attributable to contractholders at the end of period</b>	15,609	18,040

## Statements of Cash Flows for the periods ended June 30 (in \$000's)

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets from operations attributable to contractholders	1,775	389
Adjustments for:		
Net realized (gain) loss on sale of investments	5	(65)
Change in unrealized (appreciation) depreciation in value of investments	(1,394)	330
Proceeds from sale of investments	1,038	850
Purchase of investments	(54)	(88)
Non-cash distributions from investments	(455)	(733)
(Increase) decrease in fees rebate receivable	-	-
(Increase) decrease in dividends receivable	-	-
(Increase) decrease in interest receivable	-	-
Increase (decrease) in management fees payable	-	-
Increase (decrease) in administration fees payable	-	-
Increase (decrease) in insurance fees payable	-	-
<b>Net cash from (used in) operating activities</b>	915	683
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of units	37	36
Amounts paid on redemption of units	(906)	(700)
<b>Net cash from (used in) financing activities</b>	(869)	(664)
Net increase (decrease) in cash	46	19
Cash (bank overdraft), beginning of period	17	47
<b>Cash (bank overdraft), end of period</b>	63	66
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	-	-
Interest received*	-	-
Dividends paid*	-	-
Interest 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.

# Clarica CI Dividend Equity Benefit Fund

## Schedule of Investment Portfolio

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
722,731	Signature Select Canadian Corporate Class (1 Shares) <sup>†</sup>	15,544,158	15,547,894
<b>Total Investments (99.6%)</b>		<b>15,544,158</b>	15,547,894
<b>Other Net Assets (Liabilities) (0.4%)</b>			60,786
<b>Net Assets Attributable to Contractholders (100.0%)</b>			<b>15,608,680</b>

## Top 25 Holdings of the Underlying Fund

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
	Cash & Equivalents		71,536,483
2,619,167	Manulife Financial Corp.	57,252,796	62,336,175
759,870	The Bank of Nova Scotia	51,853,464	53,449,256
739,224	Suncor Energy Inc.	30,192,052	30,197,300
304,600	Total S.A.	23,447,239	22,352,031
539,085	Canadian Natural Resources Ltd.	20,615,179	19,035,091
60,900	Canadian Pacific Railway Ltd.	14,206,507	18,783,387
212,020	Alimentation Couche-Tard Inc., Class B	7,524,632	17,472,568
360,450	Enbridge Inc.	18,340,778	17,049,285
155,550	Canadian Imperial Bank of Commerce	17,465,079	16,018,539
503,701	Teck Resources Ltd., Class B	14,735,962	15,221,844
219,502	Sony Corp.	7,551,460	15,061,013
492,700	Power Financial Corp.	14,242,482	14,840,124
214,114	Agnico-Eagle Mines Ltd.	11,742,495	14,375,614
204,960	Nutrien Ltd.	14,316,579	14,357,448
250,000	Samsung Electronics Co., Ltd.	8,428,677	13,297,131
317,000	Advanced Micro Devices Inc.	5,448,842	12,607,931
26,900	Shopify Inc. (USD)	1,678,501	10,573,783
154,250	Loblaw Co., Ltd.	5,820,459	10,342,463
224,851	Synchrony Financial	8,813,749	10,209,123
183,600	iA Financial Corp Inc.	9,367,382	9,793,224
335,954	Power Corporation of Canada	9,600,909	9,477,262
160,400	Pfizer Inc.	9,134,333	9,099,815
74,220	Canadian National Railway Co.	5,052,976	8,995,464
219,730	Saputo Inc.	5,563,914	8,613,416

Financial statements for the underlying CI mutual fund, including information on the holdings of the underlying fund, are available in electronic format on the fund manager's website at [www.ci.com](http://www.ci.com).

<sup>†</sup>The Underlying Fund is also managed by CI Investments Inc., the Manager of the Fund.

Percentages shown in brackets in the Schedule of Investment Portfolio relate investments at fair value to net assets attributable to contractholders of the Fund.

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

# Clarica CI Dividend Equity Benefit Fund

Fund Specific Notes to Financial Statements (unaudited)

## Interest in Underlying Fund (Note 2)

The following tables present the Fund's interest in the Underlying Fund.

as at June 30, 2019

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	916,055	15,548	1.7

as at December 31, 2018

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	891,860	14,688	1.6

## Unit Transactions (Note 5)

for the periods ended June 30

	<b>Class A</b>	
	<b>2019</b>	<b>2018</b>
<b>Number of units at the beginning of period</b>	14,530	15,742
Units issued for cash	31	31
Units redeemed	(813)	(620)
<b>Number of units at the end of period</b>	<b>13,748</b>	<b>15,153</b>

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI Dividend Equity Benefit Fund

Financial Information (for the period ended June 30, 2019 and the years ended December 31) (unaudited)

## Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past six periods.

	<b>Class A</b>					
	<b>Jun. 30, 2019</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
<b>The Fund's Net Asset Value per Unit</b>						
Net assets attributable to contractholders per unit at the end of the period shown (\$) <sup>(1)</sup>	1,135.37	1,012.00	1,165.29	996.53	866.72	874.94
<b>Ratios and Supplemental Data</b>						
Net assets (\$000's) <sup>(1)</sup>	15,609	14,704	18,344	16,346	15,227	16,818
Number of units outstanding <sup>(1)</sup>	13,748	14,530	15,742	16,403	17,568	19,222
Portfolio turnover rate (%) <sup>(2)</sup>	3.23	6.42	102.04	6.03	6.28	2.00
<b>Management Expense Ratio</b>						
Management expense ratio before taxes (%) <sup>(3)</sup>	0.80	0.80	0.80	0.80	0.80	0.80
Harmonized sales tax (%) <sup>(3)</sup>	0.08	0.08	0.08	0.08	0.08	0.09
Management expense ratio after taxes (%) <sup>(3)</sup>	0.88	0.88	0.88	0.88	0.88	0.89
Effective HST rate for the period (%) <sup>(3)</sup>	10.20	10.21	10.22	10.36	10.38	10.42

(1) This information is provided for the period ended June 30, 2019 and December 31 of the years shown.

(2) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of a contractholder receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(3) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying fund, calculated on a weighted average basis on the percentage weighting of the underlying fund and is expressed as an annualized percentage of average net assets for the periods shown. The Effective HST tax rate is calculated using the attribution percentage for each province based on contractholders' residency and can be different from 13%.

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.

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

# Clarica CI Dividend Equity Benefit Fund

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 8)

### Concentration Risk

The Signature Select Canadian Corporate Class' financial instruments were concentrated in the following segments:

as at June 30, 2019

Categories	Net Assets (%)
Financials	30.7
Energy	13.7
Health Care	8.4
Industrials	7.9
Cash & Equivalents	7.8
Consumer Staples	7.5
Materials	7.0
Information Technology	6.5
Consumer Discretionary	6.4
Utilities	2.3
Other Net Assets (Liabilities)	1.1
Real Estate	0.4
Foreign Currency Forward Contracts	0.3
Warrants	0.0

as at December 31, 2018

Categories	Net Assets (%)
Financials	33.3
Energy	12.1
Industrials	9.8
Materials	7.6
Consumer Discretionary	7.6
Health Care	7.2
Consumer Staples	6.1
Cash & Equivalents	6.1
Information Technology	4.9
Utilities	2.2
Other Net Assets (Liabilities)	2.1
Real Estate	0.8
Private Placements	0.5
Exchange-Traded Fund(s)	0.3
Warrants	0.0
Fund(s)	0.0
Foreign Currency Forward Contracts	(0.6)

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, 2018, as the Fund's exposure to those risks remains unchanged.

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



# Clarica CI Equity Fund B

Financial Statements (unaudited)

## Statements of Financial Position

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

	as at Jun. 30, 2019	as at Dec. 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Investments*	22,458	20,745
Cash	109	92
Fees rebate receivable	-	-
Dividends receivable	-	-
Interest receivable	-	-
Receivable for investments sold	-	-
Receivable for unit subscriptions	-	3
	22,567	20,840
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Payable for investments purchased	-	2
Payable for unit redemptions	-	2
Management fees payable	-	-
Administration fees payable	-	-
Insurance fees payable	-	-
	-	4
<b>Net assets attributable to contractholders</b>	<b>22,567</b>	<b>20,836</b>
*Investments at cost	22,459	22,715
<b>Net assets attributable to contractholders per unit:</b>		
Class A	640.45	571.70

## Statements of Comprehensive Income

for the periods ended June 30

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

	2019	2018
<b>Income</b>		
Net gain (loss) on investments		
Dividends	-	-
Income distributions from investments	284	247
Capital gain distributions from investments	367	779
Net realized gain (loss) on sale of investments	8	94
Change in unrealized appreciation (depreciation) in value of investments	1,969	(469)
Other income		
Interest	1	-
Fees rebate (Note 6)	-	-
	2,629	651
<b>Expenses (Note 6)</b>		
Management fees	88	101
Administration fees	9	10
Insurance fees	22	25
Harmonized sales tax	14	15
	133	151
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	<b>2,496</b>	<b>500</b>
<b>Increase (decrease) in net assets from operations attributable to contractholders per unit:</b>		
Class A	69.69	13.00
<b>Weighted average number of units:</b>		
Class A	35,821	38,427

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI Equity Fund B

Financial Statements (unaudited)

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

	2019	2018
<b>Fund</b>		
<b>Net assets attributable to contractholders at the beginning of period</b>	20,836	25,762
Increase (decrease) in net assets from operations attributable to contractholders	2,496	500
<b>Unit transactions</b>		
Proceeds from issuance of units	75	98
Amounts paid on redemption of units	(840)	(1,122)
	(765)	(1,024)
<b>Net assets attributable to contractholders at the end of period</b>	22,567	25,238

## Statements of Cash Flows for the periods ended June 30 (in \$000's)

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets from operations attributable to contractholders	2,496	500
Adjustments for:		
Net realized (gain) loss on sale of investments	(8)	(94)
Change in unrealized (appreciation) depreciation in value of investments	(1,969)	469
Proceeds from sale of investments	1,029	1,271
Purchase of investments	(116)	(132)
Non-cash distributions from investments	(651)	(1,026)
(Increase) decrease in fees rebate receivable	-	-
(Increase) decrease in dividends receivable	-	-
(Increase) decrease in interest receivable	-	-
Increase (decrease) in management fees payable	-	-
Increase (decrease) in administration fees payable	-	-
Increase (decrease) in insurance fees payable	-	-
<b>Net cash from (used in) operating activities</b>	781	988
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of units	78	100
Amounts paid on redemption of units	(842)	(1,105)
<b>Net cash from (used in) financing activities</b>	(764)	(1,005)
Net increase (decrease) in cash	17	(17)
Cash (bank overdraft), beginning of period	92	99
<b>Cash (bank overdraft), end of period</b>	109	82
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	-	-
Interest received*	1	-
Dividends paid*	-	-
Interest 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.

# Clarica CI Equity Fund B

## Schedule of Investment Portfolio

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
1,043,932	Signature Select Canadian Corporate Class (I Shares) <sup>†</sup>	22,458,928	22,457,801
<b>Total Investments (99.5%)</b>		<b>22,458,928</b>	22,457,801
<b>Other Net Assets (Liabilities) (0.5%)</b>			109,677
<b>Net Assets Attributable to Contractholders (100.0%)</b>			<b>22,567,478</b>

## Top 25 Holdings of the Underlying Fund

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
	Cash & Equivalents		71,536,483
2,619,167	Manulife Financial Corp.	57,252,796	62,336,175
759,870	The Bank of Nova Scotia	51,853,464	53,449,256
739,224	Suncor Energy Inc.	30,192,052	30,197,300
304,600	Total S.A.	23,447,239	22,352,031
539,085	Canadian Natural Resources Ltd.	20,615,179	19,035,091
60,900	Canadian Pacific Railway Ltd.	14,206,507	18,783,387
212,020	Alimentation Couche-Tard Inc., Class B	7,524,632	17,472,568
360,450	Enbridge Inc.	18,340,778	17,049,285
155,550	Canadian Imperial Bank of Commerce	17,465,079	16,018,539
503,701	Teck Resources Ltd., Class B	14,735,962	15,221,844
219,502	Sony Corp.	7,551,460	15,061,013
492,700	Power Financial Corp.	14,242,482	14,840,124
214,114	Agnico-Eagle Mines Ltd.	11,742,495	14,375,614
204,960	Nutrien Ltd.	14,316,579	14,357,448
250,000	Samsung Electronics Co., Ltd.	8,428,677	13,297,131
317,000	Advanced Micro Devices Inc.	5,448,842	12,607,931
26,900	Shopify Inc. (USD)	1,678,501	10,573,783
154,250	Loblaw Co., Ltd.	5,820,459	10,342,463
224,851	Synchrony Financial	8,813,749	10,209,123
183,600	iA Financial Corp Inc.	9,367,382	9,793,224
335,954	Power Corporation of Canada	9,600,909	9,477,262
160,400	Pfizer Inc.	9,134,333	9,099,815
74,220	Canadian National Railway Co.	5,052,976	8,995,464
219,730	Saputo Inc.	5,563,914	8,613,416

Financial statements for the underlying CI mutual fund, including information on the holdings of the underlying fund, are available in electronic format on the fund manager's website at [www.ci.com](http://www.ci.com).

<sup>†</sup>The Underlying Fund is also managed by CI Investments Inc., the Manager of the Fund.

Percentages shown in brackets in the Schedule of Investment Portfolio relate investments at fair value to net assets attributable to contractholders of the Fund.

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

# Clarica CI Equity Fund B

Fund Specific Notes to Financial Statements (unaudited)

## Interest in Underlying Fund (Note 2)

The following tables present the Fund's interest in the Underlying Fund.

as at June 30, 2019

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	916,055	22,458	2.5

as at December 31, 2018

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	891,860	20,745	2.3

## Unit Transactions (Note 5)

for the periods ended June 30

	<b>Class A</b>	
	<b>2019</b>	<b>2018</b>
<b>Number of units at the beginning of period</b>	36,446	39,000
Units issued for cash	121	149
Units redeemed	(1,330)	(1,692)
<b>Number of units at the end of period</b>	<b>35,237</b>	<b>37,457</b>

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI Equity Fund B

Financial Information (for the period ended June 30, 2019 and the years ended December 31) (unaudited)

## Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past six periods.

	<b>Class A</b>					
	<b>Jun. 30, 2019</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
<b>The Fund's Net Asset Value per Unit</b>						
Net assets attributable to contractholders per unit at the end of the period shown (\$) <sup>(1)</sup>	640.45	571.70	660.56	566.63	494.09	500.19
<b>Ratios and Supplemental Data</b>						
Net assets (\$'000's) <sup>(1)</sup>	22,567	20,836	25,762	22,939	20,839	21,820
Number of units outstanding <sup>(1)</sup>	35,237	36,446	39,000	40,484	42,176	43,623
Portfolio turnover rate (%) <sup>(2)</sup>	3.40	6.54	103.03	4.60	3.91	2.45
<b>Management Expense Ratio</b>						
Management expense ratio before taxes (%) <sup>(3)</sup>	1.08	1.08	1.08	1.08	1.08	1.08
Harmonized sales tax (%) <sup>(3)</sup>	0.12	0.12	0.12	0.12	0.12	0.11
Management expense ratio after taxes (%) <sup>(3)</sup>	1.20	1.20	1.20	1.20	1.20	1.19
Effective HST rate for the period (%) <sup>(3)</sup>	10.78	10.76	10.75	10.68	10.70	10.75

(1) This information is provided for the period ended June 30, 2019 and December 31 of the years shown.

(2) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of a contractholder receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(3) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying fund, calculated on a weighted average basis on the percentage weighting of the underlying fund and is expressed as an annualized percentage of average net assets for the periods shown. The Effective HST tax rate is calculated using the attribution percentage for each province based on contractholders' residency and can be different from 13%.

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI Equity Fund B

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 8)

### Concentration Risk

The Signature Select Canadian Corporate Class' financial instruments were concentrated in the following segments:

as at June 30, 2019

Categories	Net Assets (%)
Financials	30.7
Energy	13.7
Health Care	8.4
Industrials	7.9
Cash & Equivalents	7.8
Consumer Staples	7.5
Materials	7.0
Information Technology	6.5
Consumer Discretionary	6.4
Utilities	2.3
Other Net Assets (Liabilities)	1.1
Real Estate	0.4
Foreign Currency Forward Contracts	0.3
Warrants	0.0

as at December 31, 2018

Categories	Net Assets (%)
Financials	33.3
Energy	12.1
Industrials	9.8
Materials	7.6
Consumer Discretionary	7.6
Health Care	7.2
Consumer Staples	6.1
Cash & Equivalents	6.1
Information Technology	4.9
Utilities	2.2
Other Net Assets (Liabilities)	2.1
Real Estate	0.8
Private Placements	0.5
Exchange-Traded Fund(s)	0.3
Warrants	0.0
Fund(s)	0.0
Foreign Currency Forward Contracts	(0.6)

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, 2018, as the Fund's exposure to those risks remains unchanged.

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

# Clarica CI North American Equity Fund

Financial Statements (unaudited)

## Statements of Financial Position

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

	as at Jun. 30, 2019	as at Dec. 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Investments*	27,824	25,813
Cash	21	16
Fees rebate receivable	-	-
Dividends receivable	-	-
Interest receivable	-	-
Receivable for investments sold	10	-
Receivable for unit subscriptions	-	5
	27,855	25,834
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Payable for investments purchased	4	10
Payable for unit redemptions	-	-
Management fees payable	-	-
Administration fees payable	-	-
Insurance fees payable	-	-
	4	10
<b>Net assets attributable to contractholders</b>	<b>27,851</b>	<b>25,824</b>
*Investments at cost	27,819	28,257
<b>Net assets attributable to contractholders per unit:</b>		
Class A	991.16	883.82

## Statements of Comprehensive Income

for the periods ended June 30

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

	2019	2018
<b>Income</b>		
Net gain (loss) on investments		
Dividends	-	-
Income distributions from investments	353	310
Capital gain distributions from investments	454	979
Net realized gain (loss) on sale of investments	(11)	113
Change in unrealized appreciation (depreciation) in value of investments	2,449	(589)
Other income		
Interest	1	-
Fees rebate (Note 6)	-	-
	3,246	813
<b>Expenses (Note 6)</b>		
Management fees	82	95
Administration fees	11	13
Insurance fees	27	32
Harmonized sales tax	13	15
	133	155
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	<b>3,113</b>	<b>658</b>
<b>Increase (decrease) in net assets from operations attributable to contractholders per unit:</b>		
Class A	109.12	21.05
<b>Weighted average number of units:</b>		
Class A	28,531	31,278

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI North American Equity Fund

Financial Statements (unaudited)

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

	2019	2018
<b>Fund</b>		
<b>Net assets attributable to contractholders at the beginning of period</b>	25,824	32,390
Increase (decrease) in net assets from operations attributable to contractholders	3,113	658
<b>Unit transactions</b>		
Proceeds from issuance of units	111	123
Amounts paid on redemption of units	(1,197)	(1,237)
	(1,086)	(1,114)
<b>Net assets attributable to contractholders at the end of period</b>	27,851	31,934

## Statements of Cash Flows for the periods ended June 30 (in \$000's)

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets from operations attributable to contractholders	3,113	658
Adjustments for:		
Net realized (gain) loss on sale of investments	11	(113)
Change in unrealized (appreciation) depreciation in value of investments	(2,449)	589
Proceeds from sale of investments	1,365	1,581
Purchase of investments	(147)	(164)
Non-cash distributions from investments	(807)	(1,289)
(Increase) decrease in fees rebate receivable	-	-
(Increase) decrease in dividends receivable	-	-
(Increase) decrease in interest receivable	-	-
Increase (decrease) in management fees payable	-	-
Increase (decrease) in administration fees payable	-	-
Increase (decrease) in insurance fees payable	-	-
<b>Net cash from (used in) operating activities</b>	1,086	1,262
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of units	116	124
Amounts paid on redemption of units	(1,197)	(1,238)
<b>Net cash from (used in) financing activities</b>	(1,081)	(1,114)
Net increase (decrease) in cash	5	148
Cash (bank overdraft), beginning of period	16	10
<b>Cash (bank overdraft), end of period</b>	21	158
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	-	-
Interest received*	1	-
Dividends paid*	-	-
Interest 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.



# Clarica CI North American Equity Fund

## Schedule of Investment Portfolio

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
1,293,386	Signature Select Canadian Corporate Class (I Shares) <sup>†</sup>	27,818,545	27,824,221
<b>Total Investments (99.9%)</b>		<b>27,818,545</b>	27,824,221
<b>Other Net Assets (Liabilities) (0.1%)</b>			27,021
<b>Net Assets Attributable to Contractholders (100.0%)</b>			<b>27,851,242</b>

## Top 25 Holdings of the Underlying Fund

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
	Cash & Equivalents		71,536,483
2,619,167	Manulife Financial Corp.	57,252,796	62,336,175
759,870	The Bank of Nova Scotia	51,853,464	53,449,256
739,224	Suncor Energy Inc.	30,192,052	30,197,300
304,600	Total S.A.	23,447,239	22,352,031
539,085	Canadian Natural Resources Ltd.	20,615,179	19,035,091
60,900	Canadian Pacific Railway Ltd.	14,206,507	18,783,387
212,020	Alimentation Couche-Tard Inc., Class B	7,524,632	17,472,568
360,450	Enbridge Inc.	18,340,778	17,049,285
155,550	Canadian Imperial Bank of Commerce	17,465,079	16,018,539
503,701	Teck Resources Ltd., Class B	14,735,962	15,221,844
219,502	Sony Corp.	7,551,460	15,061,013
492,700	Power Financial Corp.	14,242,482	14,840,124
214,114	Agnico-Eagle Mines Ltd.	11,742,495	14,375,614
204,960	Nutrien Ltd.	14,316,579	14,357,448
250,000	Samsung Electronics Co., Ltd.	8,428,677	13,297,131
317,000	Advanced Micro Devices Inc.	5,448,842	12,607,931
26,900	Shopify Inc. (USD)	1,678,501	10,573,783
154,250	Loblaw Co., Ltd.	5,820,459	10,342,463
224,851	Synchrony Financial	8,813,749	10,209,123
183,600	iA Financial Corp Inc.	9,367,382	9,793,224
335,954	Power Corporation of Canada	9,600,909	9,477,262
160,400	Pfizer Inc.	9,134,333	9,099,815
74,220	Canadian National Railway Co.	5,052,976	8,995,464
219,730	Saputo Inc.	5,563,914	8,613,416

Financial statements for the underlying CI mutual fund, including information on the holdings of the underlying fund, are available in electronic format on the fund manager's website at [www.ci.com](http://www.ci.com).

<sup>†</sup>The Underlying Fund is also managed by CI Investments Inc., the Manager of the Fund.

Percentages shown in brackets in the Schedule of Investment Portfolio relate investments at fair value to net assets attributable to contractholders of the Fund.

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

# Clarica CI North American Equity Fund

Fund Specific Notes to Financial Statements (unaudited)

## Interest in Underlying Fund (Note 2)

The following tables present the Fund's interest in the Underlying Fund.

as at June 30, 2019

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	916,055	27,824	3.0

as at December 31, 2018

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Select Canadian Corporate Class	891,860	25,813	2.9

## Unit Transactions (Note 5)

for the periods ended June 30

	<b>Class A</b>	
	<b>2019</b>	<b>2018</b>
<b>Number of units at the beginning of period</b>	29,219	31,792
Units issued for cash	114	121
Units redeemed	(1,233)	(1,221)
<b>Number of units at the end of period</b>	<b>28,100</b>	<b>30,692</b>

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI North American Equity Fund

Financial Information (for the period ended June 30, 2019 and the years ended December 31) (unaudited)

## Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past six periods.

	Class A					
	Jun. 30, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
<b>The Fund's Net Asset Value per Unit</b>						
Net assets attributable to contractholders per unit at the end of the period shown (\$) <sup>(1)</sup>	991.16	883.82	1,018.81	872.17	758.94	766.66
<b>Ratios and Supplemental Data</b>						
Net assets (\$'000's) <sup>(1)</sup>	27,851	25,824	32,390	29,309	26,942	28,863
Number of units outstanding <sup>(1)</sup>	28,100	29,219	31,792	33,604	35,500	37,647
Portfolio turnover rate (%) <sup>(2)</sup>	3.43	6.29	103.85	5.80	5.84	2.18
<b>Management Expense Ratio</b>						
Management expense ratio before taxes (%) <sup>(3)</sup>	0.88	0.88	0.88	0.88	0.88	0.88
Harmonized sales tax (%) <sup>(3)</sup>	0.09	0.09	0.09	0.09	0.09	0.09
Management expense ratio after taxes (%) <sup>(3)</sup>	0.97	0.97	0.97	0.97	0.97	0.97
Effective HST rate for the period (%) <sup>(3)</sup>	10.65	10.59	10.62	10.58	10.63	10.60

(1) This information is provided for the period ended June 30, 2019 and December 31 of the years shown.

(2) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of a contractholder receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(3) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying fund, calculated on a weighted average basis on the percentage weighting of the underlying fund and is expressed as an annualized percentage of average net assets for the periods shown. The Effective HST tax rate is calculated using the attribution percentage for each province based on contractholders' residency and can be different from 13%.

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica CI North American Equity Fund

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 8)

### Concentration Risk

The Signature Select Canadian Corporate Class' financial instruments were concentrated in the following segments:

as at June 30, 2019

Categories	Net Assets (%)
Financials	30.7
Energy	13.7
Health Care	8.4
Industrials	7.9
Cash & Equivalents	7.8
Consumer Staples	7.5
Materials	7.0
Information Technology	6.5
Consumer Discretionary	6.4
Utilities	2.3
Other Net Assets (Liabilities)	1.1
Real Estate	0.4
Foreign Currency Forward Contracts	0.3
Warrants	0.0

as at December 31, 2018

Categories	Net Assets (%)
Financials	33.3
Energy	12.1
Industrials	9.8
Materials	7.6
Consumer Discretionary	7.6
Health Care	7.2
Consumer Staples	6.1
Cash & Equivalents	6.1
Information Technology	4.9
Utilities	2.2
Other Net Assets (Liabilities)	2.1
Real Estate	0.8
Private Placements	0.5
Exchange-Traded Fund(s)	0.3
Warrants	0.0
Fund(s)	0.0
Foreign Currency Forward Contracts	(0.6)

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, 2018, as the Fund's exposure to those risks remains unchanged.

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

# Clarica Income Fund 2

Financial Statements (unaudited)

## Statements of Financial Position

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

	as at Jun. 30, 2019	as at Dec. 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Investments*	1,110	1,111
Cash	4	4
Fees rebate receivable	-	-
Dividends receivable	-	-
Interest receivable	-	-
Receivable for investments sold	-	-
Receivable for unit subscriptions	-	-
	1,114	1,115
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Payable for investments purchased	-	-
Payable for unit redemptions	-	-
Management fees payable	-	-
Administration fees payable	-	-
Insurance fees payable	-	-
	-	-
<b>Net assets attributable to contractholders</b>	1,114	1,115
*Investments at cost	1,041	1,095
<b>Net assets attributable to contractholders per unit:</b>		
Class A	275.45	259.54

## Statements of Comprehensive Income

for the periods ended June 30

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

	2019	2018
<b>Income</b>		
Net gain (loss) on investments		
Dividends	-	-
Income distributions from investments	18	18
Capital gain distributions from investments	-	-
Net realized gain (loss) on sale of investments	3	1
Change in unrealized appreciation (depreciation) in value of investments	53	(13)
Other income		
Interest	-	-
Fees rebate (Note 6)	-	-
	74	6
<b>Expenses (Note 6)</b>		
Management fees	4	4
Administration fees	1	1
Insurance fees	1	1
Harmonized sales tax	1	1
	7	7
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	67	(1)
<b>Increase (decrease) in net assets from operations attributable to contractholders per unit:</b>		
Class A	16.04	(0.29)
<b>Weighted average number of units:</b>		
Class A	4,161	4,533

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica Income Fund 2

Financial Statements (unaudited)

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

	2019	2018
<b>Fund</b>		
<b>Net assets attributable to contractholders at the beginning of period</b>	1,115	1,209
Increase (decrease) in net assets from operations attributable to contractholders	67	(1)
<b>Unit transactions</b>		
Proceeds from issuance of units	-	-
Amounts paid on redemption of units	(68)	(70)
	(68)	(70)
<b>Net assets attributable to contractholders at the end of period</b>	1,114	1,138

## Statements of Cash Flows for the periods ended June 30 (in \$000's)

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets from operations attributable to contractholders	67	(1)
Adjustments for:		
Net realized (gain) loss on sale of investments	(3)	(1)
Change in unrealized (appreciation) depreciation in value of investments	(53)	13
Proceeds from sale of investments	75	77
Purchase of investments	-	-
Non-cash distributions from investments	(18)	(18)
(Increase) decrease in fees rebate receivable	-	-
(Increase) decrease in dividends receivable	-	-
(Increase) decrease in interest receivable	-	-
Increase (decrease) in management fees payable	-	-
Increase (decrease) in administration fees payable	-	-
Increase (decrease) in insurance fees payable	-	-
<b>Net cash from (used in) operating activities</b>	68	70
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of units	-	-
Amounts paid on redemption of units	(68)	(70)
<b>Net cash from (used in) financing activities</b>	(68)	(70)
Net increase (decrease) in cash	-	-
Cash (bank overdraft), beginning of period	4	4
<b>Cash (bank overdraft), end of period</b>	4	4
<b>Supplementary Information:</b>		
Dividends received, net of withholding tax*	-	-
Interest received*	-	-
Dividends paid*	-	-
Interest 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.

# Clarica Income Fund 2

## Schedule of Investment Portfolio

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
103,191	Signature Canadian Bond Fund (Class I) <sup>†</sup>	1,041,411	1,110,257
<b>Total Investments (99.6%)</b>		<b>1,041,411</b>	<b>1,110,257</b>
<b>Other Net Assets (Liabilities) (0.4%)</b>			<b>3,985</b>
<b>Net Assets Attributable to Contractholders (100.0%)</b>			<b>1,114,242</b>

## Top 25 Holdings of the Underlying Fund

as at June 30, 2019 (unaudited)

No. of Units/Shares	Description	Average Cost (\$)	Fair Value (\$)
162,430,000	Province of Ontario 2.6% 06/02/2025	167,068,427	168,543,254
141,331,000	Province of Quebec 2.5% 09/01/2026	142,242,543	146,150,387
134,848,000	Government of Canada 1.75% 05/01/2021	135,288,899	135,515,498
121,094,000	Province of Quebec 3.75% 09/01/2024	132,276,973	132,439,615
105,391,000	Province of Ontario 3.5% 06/02/2024	115,036,178	113,580,139
106,034,000	Province of Quebec 2.75% 09/01/2025	109,349,807	111,146,437
93,027,000	Province of Ontario 2.9% 06/02/2049	93,125,576	101,106,786
86,841,000	Province of Quebec 3.1% 12/01/2051	90,749,015	99,581,998
70,591,000	United States Treasury Note/Bond 2.625% 02/15/2029	95,851,569	97,487,415
88,014,000	Province of Ontario 2.7% 06/02/2029	88,882,148	92,266,564
69,507,000	Province of Quebec 3.5% 12/01/2048	75,609,005	84,573,371
56,754,000	United States Treasury Note/Bond 2.375% 05/15/2029	77,165,770	76,807,574
67,695,000	Government of Canada 2.25% 06/01/2029	72,611,665	72,575,017
67,599,000	Province of Quebec 3% 09/01/2023	70,622,065	70,927,740
67,602,000	Province of Ontario 2.65% 12/02/2050	68,937,496	70,112,997
56,217,000	Province of British Columbia 3.2% 06/18/2044	55,520,547	64,413,574
62,946,000	Canada Housing Trust No.1, 1.9% 09/15/2026	59,702,784	63,342,372
51,625,000	Province of Ontario 2.4% 06/02/2026	52,014,980	52,949,359
44,660,000	Canada Housing Trust No.1, 2.65% 12/15/2028	47,043,594	47,643,265
30,793,000	Government of Canada 2.75% 12/01/2064	35,078,336	41,592,336
27,503,000	Province of British Columbia 6.35% 06/18/2031	38,571,824	39,510,467
32,199,000	Government of Canada 2.25% 02/01/2021	32,546,029	32,561,542
	Cash & Equivalents		31,315,952
26,490,000	Province of Quebec 2.75% 09/01/2028	26,891,554	27,929,594
21,543,000	Bank of Montreal 3.34% 12/08/2025	21,810,922	21,870,124

Financial statements for the underlying CI mutual fund, including information on the holdings of the underlying fund, are available in electronic format on the fund manager's website at [www.ci.com](http://www.ci.com).

<sup>†</sup>The Underlying Fund is also managed by CI Investments Inc., the Manager of the Fund.

Percentages shown in brackets in the Schedule of Investment Portfolio relate investments at fair value to net assets attributable to contractholders of the Fund.

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

# Clarica Income Fund 2

Fund Specific Notes to Financial Statements (unaudited)

## Interest in Underlying Fund (Note 2)

The following tables present the Fund's interest in the Underlying Fund.

as at June 30, 2019

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Canadian Bond Fund	3,430,718	1,110	-

as at December 31, 2018

<b>Underlying Fund</b>	<b>Fair Value of the Underlying Fund (in \$000's)</b>	<b>Fair Value of the Fund's Investment in the Underlying Fund (in \$000's)</b>	<b>Ownership in the Underlying Fund (%)</b>
Signature Canadian Bond Fund	3,091,979	1,111	-

## Unit Transactions (Note 5)

for the periods ended June 30

	<b>Class A</b>	
	<b>2019</b>	<b>2018</b>
<b>Number of units at the beginning of period</b>	4,296	4,673
Units issued for cash	2	2
Units redeemed	(253)	(275)
<b>Number of units at the end of period</b>	<b>4,045</b>	<b>4,400</b>

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.



# Clarica Income Fund 2

Financial Information (for the period ended June 30, 2019 and the years ended December 31) (unaudited)

## Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past six periods.

	<b>Class A</b>					
	<b>Jun. 30, 2019</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
<b>The Fund's Net Asset Value per Unit</b>						
Net assets attributable to contractholders per unit at the end of the period shown (\$) <sup>(1)</sup>	275.45	259.54	258.72	256.50	254.10	247.46
<b>Ratios and Supplemental Data</b>						
Net assets (\$000's) <sup>(1)</sup>	1,114	1,115	1,209	1,384	1,466	1,538
Number of units outstanding <sup>(1)</sup>	4,045	4,296	4,673	5,397	5,769	6,216
Portfolio turnover rate (%) <sup>(2)</sup>	1.61	3.14	3.09	4.22	5.19	4.05
<b>Management Expense Ratio</b>						
Management expense ratio before taxes (%) <sup>(3)</sup>	1.12	1.12	1.12	1.12	1.12	1.12
Harmonized sales tax (%) <sup>(3)</sup>	0.13	0.12	0.12	0.12	0.12	0.12
Management expense ratio after taxes (%) <sup>(3)</sup>	1.25	1.24	1.24	1.24	1.24	1.24
Effective HST rate for the period (%) <sup>(3)</sup>	11.64	11.04	11.04	10.73	10.75	10.68

(1) This information is provided for the period ended June 30, 2019 and December 31 of the years shown.

(2) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of a contractholder receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(3) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying fund, calculated on a weighted average basis on the percentage weighting of the underlying fund and is expressed as an annualized percentage of average net assets for the periods shown. The Effective HST tax rate is calculated using the attribution percentage for each province based on contractholders' residency and can be different from 13%.

For inception date of the Fund, please refer to Note 1 in the Notes to the Financial Statements.  
The accompanying notes are an integral part of these financial statements.

# Clarica Income Fund 2

Fund Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 8)

### Concentration Risk

The Signature Canadian Bond Fund's financial instruments were concentrated in the following segments:

as at June 30, 2019

Categories	Net Assets (%)
Provincial Bonds	42.2
Corporate Bonds	37.2
Canadian Government Bonds	13.6
Foreign Government Bonds	5.1
Cash & Equivalents	0.9
Other Net Assets (Liabilities)	0.8
Asset-Backed Securities	0.1
Foreign Currency Forward Contracts	0.1

as at December 31, 2018

Categories	Net Assets (%)
Provincial Bonds	41.8
Corporate Bonds	37.5
Canadian Government Bonds	19.5
Cash & Equivalents	0.6
Other Net Assets (Liabilities)	0.5
Asset-Backed Securities	0.1
Foreign Currency Forward Contracts	0.0

During the six-month period ended June 30, 2019, the Fund's credit risk exposure changed significantly as disclosed in the section below. For details relating to other price risk, currency risk, interest rate risk and fair value hierarchy, refer to the audited annual financial statements as at December 31, 2018, as the Fund's exposure to those risks remains unchanged.

### Credit Risk

The Fund indirectly bears the credit risk exposure of the Underlying Fund. As at June 30, 2019 and December 31, 2018, the Underlying Fund was exposed to credit risk as it invested in fixed income securities.

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

as at June 30, 2019

Credit Rating <sup>^</sup>	Net Assets (%)
AAA/Aaa/A++	23.0
AA/Aa/A+	25.5
A	30.5
BBB/Baa/B++	18.9
BB/Ba/B+	0.1
Not Rated	0.3
<b>Total</b>	<b>98.3</b>

### Credit Risk (cont'd)

as at December 31, 2018

Credit Rating <sup>^</sup>	Net Assets (%)
AAA/Aaa/A++	23.7
AA/Aa/A+	23.7
A	32.1
BBB/Baa/B++	18.6
BB/Ba/B+	0.5
Not Rated	0.3
<b>Total</b>	<b>98.9</b>

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

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

# Clarica Segregated Funds

## Notes to the Financial Statements (unaudited)

### 1. THE FUNDS

The following Clarica Segregated Funds were created by a board resolution of Sun Life Assurance Company of Canada ("Sun Life") or its predecessor; Clarica Life Insurance Company ("Clarica") as the dates as indicated below:

Funds	Date
Clarica CI Dividend Equity Benefit Fund	September 1, 1963
Clarica CI Equity Fund B	October 1, 1971
Clarica CI North American Equity Fund	March 1, 1962
Clarica Income Fund 2	June 1, 1974

(the "Fund" or collectively the "Funds" or "the Clarica Segregated Funds")

Sun Life, a wholly owned subsidiary of Sun Life Financial Inc., is the sole issuer of the individual variable insurance contract providing for investment in each Fund. The assets of each of the Funds are owned by Sun Life and are segregated from Sun Life's other assets. The Funds are not separate legal entities but are separate reporting entities.

Sun Life has appointed CI Investments Inc. ("CI" or the "Manager") to perform certain administrative and management services on its behalf in relation to the Funds and the contracts. The head office of CI Investments Inc. is located at 2 Queen Street East, Twentieth Floor, M5C 3G7, Toronto, Ontario. CI Investments Inc. is a subsidiary of CI Financial Corp.

All Funds had a Retail Class and an Institutional Class, and effective January 17, 2003, the Institutional Classes for all Funds were fully redeemed. The Funds were converted from an asset based fund structure to a fund of fund structure on February 10, 2003.

These financial statements were authorized for issue by the Manager on September 27, 2019.

The Statements of Financial Position are as at June 30, 2019 and December 31, 2018. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Contractholders and Statements of Cash Flows are for the periods ended June 30, 2019 and 2018. Schedules of Investment Portfolio are as at June 30, 2019. The Fund Specific Notes to Financial Statements for each Fund consist of Interest in Underlying Fund as at June 30, 2019 and December 31, 2018, Unit Transactions for the periods ended June 30, 2019 and 2018, and Financial Instruments Risks as at June 30, 2019 and December 31, 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Investment funds held by the Funds are classified as FVTPL in accordance with IFRS 9. Purchases and sales of financial assets are recognized at their trade date. 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 value 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 received from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. Underlying Funds are valued on each business day at their net asset value as reported by the Underlying Funds' manager.

#### c. Cash

Cash is comprised of cash on deposit. Bank overdraft are shown in current liabilities in the Statements of Financial Position.

#### d. Cost of investments

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

#### e. Investment transactions

Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments and unrealized appreciation or depreciation in value of investments are calculated on an average cost basis.

#### f. Income recognition

Distributions from investments are recorded on the ex-distribution date and interest income is accrued on a daily basis.

Distributions received from investment fund holdings are recognized by the Funds in the same form in which they were received from the Underlying Funds.

#### g. Foreign exchange

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

#### h. Net asset value per unit

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 net asset value by its outstanding units.

#### i. Classification of units

The units of each of the Funds have been classified as liabilities under IAS 32, as the contractholders have the right to require the issuer to redeem them at their NAV.

#### j. Increase (decrease) in net assets from operations attributable to contractholders per unit

Increase (decrease) in net assets from operations attributable to contractholders per unit is calculated by dividing the increase (decrease) in net assets from operations attributable to contractholders by the weighted average number of units outstanding of that class during the period.

#### k. Consolidated financial statements

Under IFRS 10, *Consolidated Financial Statements*, a Fund is required to provide consolidated financial statements if it has control over the entities it invests in. In October 2013, the IASB issued an "Investment Entity" amendment to IFRS 10, which provides an exception to consolidation for an entity that meets the definition of Investment Entity. The Manager has determined that all Funds satisfy the criteria of an Investment Entity.

# Clarica Segregated Funds

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

---

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

Subsidiaries are entities, including investments in other investment entities, over which the 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. Conversely, structured entities are entities that have been designed such that voting or similar rights are not the dominant factors in determining control over the entity, such as when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

For all Funds that invest in Underlying Funds, the Manager has determined that the bottom investee funds meet the definition of a structured entity to the top (investing) Funds.

Information related to the Funds' Interest in Underlying Funds for each Fund appears under the Fund Specific Notes to Financial Statements.

### **m. Non-zero amounts**

Some of the balances reported in the financial statements include amounts that are rounded to zero.

### **3. USE OF ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period.

The following discusses the most significant accounting judgments and estimates that the 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. INCOME TAXES**

Each Fund is deemed to a trust, referred to as a "related segregated fund trust" under the provisions of the *Income Tax Act* (Canada) and is deemed to have allocated its income to the beneficiaries. Each Fund's net capital gains/(losses) are deemed to be those of the beneficiaries. Accordingly, the Funds are not subject to income tax on their net income, including net realized capital gains for the year.

A Fund may elect each year to realize capital gains/(losses) for the taxation year, to optimize the allocation of capital gains/(losses) between redeeming and continuing beneficiaries.

### **5. CONTRACTHOLDERS UNITS**

Units issued and outstanding represent the capital of each Fund.

The relevant changes pertaining to subscriptions and redemptions of each Fund's units are disclosed in the Statements of Changes in Net Assets Attributable to Contractholders. In accordance with the objectives and risk management policies outlined in Note 8, the Funds endeavor to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions by disposal of investments when necessary.

Unit Transactions information for each Fund appears under the Fund Specific Notes to Financial Statements.

### **6. MANAGEMENT FEES AND OTHER EXPENSES**

The Manager, in consideration of management fees received, provides management services that are required in the day-to-day operations of the Funds.

The management fee is calculated as an annual percentage of the total net asset value of each Fund at the end of each day and is paid at the end of each month.

CI Investments Inc. is the Manager of the Funds and the Underlying Funds, and in consideration of management fees received, provides management services required in the day-to-day operations of the Funds and the Underlying Funds including the management of the investment portfolios of the Underlying Funds.

A Fund that invests in units of an Underlying Fund will not pay a duplicate management and administration fee on the portion of assets that are invested in units of the Underlying Fund. During the reporting period, a Fund may have received a management and/or administration fee rebate from the Manager relating to its investment in an Underlying Fund. The 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. The management fees and the fee rebates reported in the Statements of Comprehensive Income of each Fund are each presented on a gross basis.

In addition to the management fee, the Funds and the Underlying Funds also bear all operating and administrative expenses including audit and legal fees, transfer agency fees, custody fees, expenses relating to reporting and making distributions to contractholders, all other costs and fees imposed by statute or regulation and expenses of all communications with contractholders.

The administration fee is calculated as an annual percentage of the total net asset value of each Fund at the end of each business day and paid at the end of each month.

The Funds pay an insurance fee to Sun Life. The insurance fee of each class of the Fund is a charge by Sun Life for the applicable Guarantee Option in respect of that Fund Class. The insurance fees payable at period-end are included in the "Insurance fees payable" in the Statements of Financial Position, while insurance fees expense for the period are included in the "Insurance fees" in the Statements of Comprehensive Income.

### **7. RELATED PARTY TRANSACTIONS**

A Fund may invest in an Underlying Fund that is also managed by CI Investments Inc., the Manager of the Funds. For details refer to the Fund Specific Notes to Financial Statements or the Schedule of Investment Portfolio of each Fund.

The management fees paid to CI Investments Inc. are also considered a related party transaction. For more details refer to Note 6.

### **8. 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

# Clarica Segregated Funds

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

---

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 Funds may minimize potential adverse effects of these risks by, but not limited to, regular monitoring of the Underlying Funds' 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, asset type, industry sector or counterparty.

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

### 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 of the credit worthiness of the debt issuer. The carrying amount of debt instruments represents the credit risk exposure of each Underlying Fund. Credit risk exposure for derivative instruments is based on each Underlying Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Funds' other assets are represented by their carrying amount as disclosed in the Statements of Financial Position.

The Credit rating of the Sun Life as at June 30, 2019 was AA (December 31, 2018 – AA-).

### 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 redemptions of redeemable units. The Funds invest all of their assets in Underlying Funds which can be readily disposed of.

### 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 other price risk.

#### *Currency Risk*

Currency risk arises from financial instruments that are denominated in a currency other than Canadian dollars, the functional currency of the Funds and the Underlying Funds. As a result, 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.

#### *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 the increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities 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 exposure to interest rate sensitivity on short-term interest bearing investments is minimal due to their short-term nature.

### 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 includes publicly traded equities, exchange traded and retail mutual funds, exchange traded warrants, futures contracts and traded options.

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 include fixed income securities, mortgage backed securities ("MBS"), short-term instruments, non-traded warrants, over-the-counter options, structured notes of indexed securities, if applicable, foreign currency forward contracts and swap instruments.

Investments classified as Level 3 have significant unobservable inputs. Level 3 instruments 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 the fair value.

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

During the six-month period some Funds' exposure to financial instruments risks including fair value hierarchy classification changed significantly as per details disclosed in the Fund Specific Notes to Financial Statements of each of the Funds. For details relating to financial instruments risks and fair value hierarchy classification exposure for remaining Funds refer to the audited annual financial statements as at December 31, 2018, as these Funds' exposure to financial instruments risks remained the same throughout the period.

### 9. SUBSEQUENT EVENTS

On July 25, 2019, the Manager announced that effective December 31, 2019, Ernst & Young LLP will replace PricewaterhouseCoopers LLP as the auditor to the Funds.

# Clarica Segregated Funds

## Legal Notice

---

You can get additional copies of these Financial Statements at your request, and at no cost, by calling 1-800-792-9374, by emailing [service@ci.com](mailto:service@ci.com), or by asking your representative.

Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies, is the sole issuer of the individual variable insurance contracts providing for investment in Clarica Segregated Funds. A description of the key features of the applicable individual variable insurance contract is contained in the Information Folder. **SUBJECT TO ANY APPLICABLE DEATH AND MATURITY GUARANTEES, ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE CONTRACTHOLDER(S) AND MAY INCREASE OR DECREASE IN VALUE.**

Certain names, words, phrases, graphics or designs in this document may constitute trade names, registered or unregistered trademarks or service marks of CI Investments Inc. CI Financial, CI Investments, and the CI Investments design are registered trademarks of CI Investments Inc. Clarica is a registered trademark of Sun Life Assurance Company of Canada. Trusted Partner in Wealth is a trademark of CI Investments Inc.

**INFORMATION FOLDER:** CI would be pleased to provide, without charge, the most recent Information Folder upon request by calling 1-800-792-9374 or emailing [service@ci.com](mailto:service@ci.com).



**Sun Life Assurance Company of Canada**

227 King Street South  
P.O. Box 1601 STN Waterloo  
Waterloo, Ontario N2J 4C5



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://www.ci.com)

**Head Office / Toronto**  
416-364-1145  
1-800-268-9374

**Calgary**  
403-205-4396  
1-800-776-9027

**Montreal**  
514-875-0090  
1-800-268-1602

**Vancouver**  
604-681-3346  
1-800-665-6994

**Client Services**  
English: 1-800-792-9355  
French: 1-800-668-3528