

# Semi-Annual Financial Statements - June 30, 2018



## Skylon Growth & Income Trust



Canada's Investment Company

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CI Investments Inc., the Manager of the Trust, appoints independent auditors to audit the Trust'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 Trust'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.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by CI Investments Inc., the Manager of the Skylon Growth & Income Trust (the "Trust"), and approved by the Board of Governors of the Manager. The Trust's Manager is responsible for the information and representations contained in these financial statements and other sections of this report. CI Investments Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Trust are described in Note 2 to the financial statements.

Toronto, Ontario  
August 13, 2018



Sheila A. Murray  
President

**CI Investments Inc.**



Douglas J. Jamieson  
Chief Financial Officer

**CI Investments Inc.**

# Skylon Growth & Income Trust

Financial Statements (unaudited)

## Statements of Financial Position

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

|   | as at<br>Jun. 30, 2018 | as at<br>Dec. 31, 2017 |
|---|------------------------|------------------------|
| <b>Assets</b>   |                        |                        |
| <b>Current assets</b>   |                        |                        |
| Investments*  | 35,338                 | 40,178                 |
| Cash  | 2,105                  | 1,962                  |
| Unrealized gain on futures and foreign currency forward contracts       | 18                     | 91                     |
| Swaps, swaptions and options  | 1                      | -                      |
| Cash collateral received for securities on loan (Note 7)                | -                      | -                      |
| Margin for short sales  | -                      | -                      |
| Dividends receivable  | 43                     | 46                     |
| Receivable for distribution from investments                            | -                      | -                      |
| Interest receivable   | 99                     | 98                     |
| Securities lending revenue receivable (Note 7)                          | -                      | -                      |
| Receivable for investments sold   | 232                    | 8                      |
| Receivable for unit subscriptions                                       | -                      | -                      |
|   | 37,836                 | 42,383                 |
| <b>Liabilities</b>  |                        |                        |
| <b>Current liabilities</b>  |                        |                        |
| Investments sold short**  | -                      | -                      |
| Bank overdraft  | -                      | -                      |
| Unrealized loss on futures and foreign currency forward contracts       | 121                    | 8                      |
| Swaps, swaptions and options  | -                      | -                      |
| Dividends payable on investments sold short                             | -                      | -                      |
| Interest payable on investments sold short                              | -                      | -                      |
| Payable for cash collateral under securities lending (Note 7)           | -                      | -                      |
| Payable for investments purchased                                       | 159                    | 109                    |
| Payable for unit redemptions  | -                      | 3,280                  |
| Distributions payable to holders of redeemable units                    | 271                    | 725                    |
| Management fees payable   | -                      | -                      |
| Administration fees payable   | -                      | -                      |
| Service fees payable  | 41                     | 46                     |
|   | 592                    | 4,168                  |
| <b>Net assets attributable to holders of redeemable units</b>           | <b>37,244</b>          | <b>38,215</b>          |
| *Investments at cost  | 31,601                 | 35,333                 |
| **Investments sold short at cost  | -                      | -                      |
| <b>Net assets attributable to holders of redeemable units per unit:</b> |                        |                        |
| Class A   | 8.01                   | 8.24                   |
| <b>Number of redeemable units outstanding:</b>                          |                        |                        |
| Class A   | 4,647,807              | 4,635,727              |

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

# Skylon Growth & Income Trust

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  | 371        | 364          |
| Interest for distribution purposes   | 227        | 340          |
| Derivative income (loss)   | 1          | 1            |
| Income distributions from investments  | -          | 1            |
| Dividends expense on financial assets (liabilities) sold short                                 | -          | -            |
| Interest expense on financial assets (liabilities) sold short                                  | -          | -            |
| Net realized gain (loss) on sale of investments and derivatives                                | 1,583      | 1,527        |
| Change in unrealized appreciation (depreciation) in value of investments and derivatives       | (1,293)    | (366)        |
| <b>Total net gain (loss) on investments and derivatives</b>                                    | <b>889</b> | <b>1,867</b> |
| Other income   |            |              |
| Commitment fee income  | -          | -            |
| Securities lending revenue (Note 7)  | 4          | 4            |
| Foreign exchange gain (loss) on cash   | 71         | (52)         |
| Gain (loss) on redemption  | -          | -            |
| <b>Total other income</b>  | <b>75</b>  | <b>(48)</b>  |
| <b>Total income</b>  | <b>964</b> | <b>1,819</b> |
| <b>Expenses</b>  |            |              |
| Management fees (Note 5)   | 207        | 229          |
| Administration fees (Note 5)   | 43         | 50           |
| Commissions and other portfolio transaction costs  | 17         | 15           |
| Commitment fees  | -          | -            |
| Audit fees   | 3          | 1            |
| Legal fees   | -          | -            |
| Service fees (Note 5)  | 75         | 83           |
| Independent review committee fees  | 1          | 1            |
| Securities borrowing fees  | 3          | 3            |
| Withholding taxes  | 27         | 31           |
| Harmonized sales tax   | 30         | 33           |
| <b>Total expenses</b>  | <b>406</b> | <b>446</b>   |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>           | <b>558</b> | <b>1,373</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit:</b> |            |              |
| Class A  | 0.11       | 0.28         |
| <b>Weighted average number of units:</b>   |            |              |
| Class A  | 4,644,746  | 5,025,157    |

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

# Skylon Growth & Income Trust

Financial Statements (unaudited)

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

|  | 2018    | 2017    |
|--|---------|---------|
| <b>Class A</b>   |         |         |
| <b>Net assets attributable to holders of redeemable units at the beginning of period</b> | 38,215  | 41,133  |
| Increase (decrease) in net assets attributable to holders of redeemable units            | 558     | 1,373   |
| <b>Distributions to holders of redeemable units</b>                                      |         |         |
| From net investment income   | (200)   | (296)   |
| From net realized gains  | (1,425) | (866)   |
| Return of capital  | -       | (594)   |
| <b>Total distributions to holders of redeemable units</b>                                | (1,625) | (1,756) |
| <b>Redeemable unit transactions</b>  |         |         |
| Proceeds from redeemable units issued  | -       | -       |
| Reinvestment of distributions to holders of redeemable units                             | 96      | 105     |
| Redemption of redeemable units   | -       | -       |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         | 96      | 105     |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> | (971)   | (278)   |
| <b>Net assets attributable to holders of redeemable units at the end of period</b>       | 37,244  | 40,855  |

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

# Skylon Growth & Income Trust

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            | 558            | 1,373          |
| Adjustments for:   |                |                |
| Net realized (gain) loss on sale of investments and derivatives                          | (1,583)        | (1,527)        |
| Unrealized foreign exchange (gain) loss on cash  | (18)           | 21             |
| Commissions and other portfolio transaction costs  | 17             | 15             |
| Change in unrealized (appreciation) depreciation in value of investments and derivatives | 1,293          | 366            |
| Proceeds from sale and maturity of investments and derivatives                           | 23,008         | 18,043         |
| Purchase of investments and derivatives  | (17,884)       | (15,151)       |
| Non-cash distributions from investments  | -              | (1)            |
| (Increase) decrease in margin for short sales  | -              | -              |
| (Increase) decrease in dividends receivable  | 3              | 2              |
| (Increase) decrease in interest receivable   | (1)            | 43             |
| (Increase) decrease in securities lending revenue receivable                             | -              | -              |
| Increase (decrease) in management fees payable   | -              | -              |
| Increase (decrease) in administration fees payable                                       | -              | -              |
| Change in other accounts receivable and payable  | (5)            | (4)            |
| <b>Net cash from (used in) operating activities</b>                                      | <b>5,388</b>   | <b>3,180</b>   |
| <b>Cash flows from (used in) financing activities</b>                                    |                |                |
| Distributions paid to holders of redeemable units, net of reinvested distributions       | (1,983)        | (1,683)        |
| Proceeds from issuance of redeemable units   | -              | -              |
| Amounts paid on redemption of redeemable units   | (3,280)        | (4,606)        |
| <b>Net cash from (used in) financing activities</b>                                      | <b>(5,263)</b> | <b>(6,289)</b> |
| Unrealized foreign exchange gain (loss) on cash  | 18             | (21)           |
| Net increase (decrease) in cash  | 125            | (3,109)        |
| Cash (bank overdraft), beginning of period   | 1,962          | 3,595          |
| <b>Cash (bank overdraft), end of period</b>  | <b>2,105</b>   | <b>465</b>     |
| <b>Supplementary Information:</b>  |                |                |
| Dividends received, net of withholding tax*  | 348            | 337            |
| Interest received, net of withholding tax*   | 225            | 381            |
| Dividends paid*  | -              | -              |
| Interest paid*   | -              | -              |

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

# Skylon Growth & Income Trust

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

| No. of Shares/<br>Par Value    | Description                                 | Average<br>Cost (\$) | Fair<br>Value (\$) |
|--------------------------------|---|----------------------|--------------------|
| <b>COMMON EQUITIES (59.7%)</b> |   |                      |                    |
| 41,957                         | Abengoa S.A.                                | 1,198                | 1,881              |
| 433,886                        | Abengoa S.A., Class B                       | -                    | 6,660              |
| 13,600                         | Advanced Micro Devices Inc.*                | 218,123              | 267,988            |
| 1,800                          | Agilent Technologies Inc.                   | 148,547              | 146,325            |
| 3,107                          | Agnico-Eagle Mines Ltd.                     | 176,276              | 187,259            |
| 3,500                          | Air Canada                                  | 92,202               | 74,375             |
| 700                            | Airbus Group N.V.                           | 65,102               | 107,729            |
| 1,500                          | Alibaba Group Holding Ltd., ADR*            | 209,053              | 365,831            |
| 3,791                          | Alimentation Couche-Tard Inc., Class B      | 125,357              | 216,504            |
| 110                            | Amazon.com Inc.                             | 92,296               | 245,791            |
| 9,112                          | Anima Holding SpA                           | 85,806               | 64,423             |
| 400                            | Anthem Inc.                                 | 123,242              | 125,160            |
| 400                            | Apple Inc.                                  | 80,834               | 97,334             |
| 5,300                          | ARC Resources Ltd.                          | 76,911               | 71,974             |
| 2,600                          | Assa Abloy AB                               | 63,953               | 72,828             |
| 500                            | Becton Dickinson and Co.                    | 143,899              | 157,456            |
| 117                            | Berry Petroleum Company LLC                 | 1,154                | 1,773              |
| 4,000                          | BHP Billiton PLC                            | 109,922              | 118,396            |
| 200                            | Boeing Co.                                  | 66,668               | 88,209             |
| 18,400                         | Bombardier Inc., Class B, Sub-Voting Shares | 61,436               | 95,680             |
| 775                            | BrightHouse TopCo. A1 Ordinary Shares       | 7,684                | 7,566              |
| 1,578                          | British American Tobacco PLC                | 98,175               | 104,859            |
| 7,035                          | Brookfield Property Partners L.P.           | 115,169              | 175,664            |
| 850                            | BRP Inc.                                    | 26,352               | 53,873             |
| 5,400                          | Canadian Imperial Bank of Commerce          | 607,311              | 617,544            |
| 3,100                          | Canadian National Railway Co.               | 253,535              | 333,343            |
| 10,352                         | Canadian Natural Resources Ltd.             | 405,370              | 491,202            |
| 1,700                          | Canadian Pacific Railway Ltd.               | 380,333              | 409,564            |
| 1,100                          | Canadian Western Bank                       | 37,855               | 38,115             |
| 700                            | Centene Corp.                               | 94,818               | 113,375            |
| 1,002                          | Chinos Intermediate Holdings Inc., Class A  | 2,723                | 1,727              |
| 900                            | Cimarex Energy Co.                          | 113,766              | 120,368            |
| 900                            | Citigroup Inc.                              | 80,573               | 79,172             |
| 2,500                          | CK Infrastructure Holdings Ltd.             | 24,643               | 24,358             |
| 9,000                          | Crescent Point Energy Corp.                 | 95,630               | 86,940             |
| 2,177                          | CRH PLC (GBP)                               | 97,738               | 101,037            |
| 300                            | Daikin Industries Ltd.                      | 38,299               | 47,276             |
| 527                            | Danaher Corp.                               | 56,220               | 68,362             |
| 2,300                          | Danske Bank AS                              | 101,618              | 94,652             |
| 400                            | Deere & Co.                                 | 78,658               | 73,509             |
| 900                            | Delta Air Lines Inc.                        | 62,335               | 58,610             |
| 1,800                          | Denso Corp.                                 | 112,650              | 115,685            |
| 3,600                          | Devon Energy Corp.                          | 204,481              | 208,034            |
| 3,199                          | Diageo PLC                                  | 94,695               | 151,078            |
| 1,000                          | Discover Financial Services Inc.            | 77,852               | 92,557             |
| 10,800                         | Dream Unlimited Corp.                       | 96,378               | 105,084            |
| 8,700                          | E.ON S.E.                                   | 123,114              | 122,246            |
| 900                            | Emerson Electric Co.                        | 85,023               | 81,799             |
| 11,000                         | Enbridge Inc.                               | 584,212              | 517,000            |
| 35,750                         | EnCana Corp.                                | 449,822              | 613,828            |
| 8,901                          | Enerplus Corp.                              | 102,160              | 147,579            |
| 3,900                          | Engie                                       | 83,031               | 78,602             |
| 1,650                          | EOG Resources Inc.                          | 173,437              | 269,888            |
| 350                            | Estée Lauder Co., Inc.                      | 31,620               | 65,650             |
| 10,700                         | Fiera Capital Corp.                         | 138,045              | 125,939            |
| 10,350                         | First Quantum Minerals Ltd.                 | 155,561              | 200,480            |
| 33,900                         | Glencore PLC                                | 191,566              | 212,915            |

\*Denotes all or part of securities on loan.

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



# Skylon Growth & Income Trust

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

| No. of Shares/<br>Par Value             | Description   | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|---|----------------------|--------------------|
| <b>COMMON EQUITIES (59.7%) (cont'd)</b> |   |                      |                    |
| 2,577                                   | Gluskin Sheff + Associates Inc.*                          | 52,334               | 42,314             |
| 650                                     | Home Depot Inc.   | 74,027               | 166,704            |
| 300                                     | Honeywell International Inc.                              | 47,212               | 56,808             |
| 2,800                                   | Husky Energy Inc.   | 50,301               | 57,372             |
| 15,890                                  | ICICI Bank Ltd.   | 83,227               | 84,028             |
| 2,600                                   | Inditex S.A.  | 105,323              | 116,776            |
| 2,300                                   | Industrial Alliance Insurance and Financial Services Inc. | 123,234              | 116,725            |
| 4,500                                   | ING Groep N.V.  | 87,574               | 85,155             |
| 1,000                                   | Ingersoll-Rand PLC  | 119,097              | 117,954            |
| 1,000                                   | Johnson & Johnson   | 181,587              | 159,507            |
| 31,619                                  | Kinross Gold Corp.  | 177,039              | 156,514            |
| 1,300                                   | KOMATSU Ltd.  | 49,442               | 48,908             |
| 3,350                                   | Loblaw Co., Ltd.  | 159,808              | 226,460            |
| 23,800                                  | Lundin Mining Corp.                                       | 170,844              | 173,978            |
| 1,550                                   | Magna International Inc., Class A                         | 98,728               | 118,513            |
| 50,926                                  | Manulife Financial Corp.                                  | 1,124,066            | 1,202,872          |
| 8,700                                   | Micron Technology Inc.                                    | 188,466              | 599,732            |
| 4,250                                   | Mondelez International Inc.                               | 212,450              | 229,059            |
| 2,300                                   | National Bank of Canada                                   | 145,379              | 145,176            |
| 3,660                                   | Nestle S.A., Registered Shares                            | 288,092              | 373,648            |
| 1,650                                   | Newell Rubbermaid Inc.*                                   | 66,300               | 55,938             |
| 500                                     | NextEra Energy Inc.                                       | 83,388               | 109,784            |
| 1,600                                   | NIKE Inc., Class B  | 111,909              | 167,589            |
| 15,800                                  | Nordea Bank AB  | 239,434              | 200,027            |
| 5,921                                   | Nutrien Ltd.  | 408,557              | 423,470            |
| 5,250                                   | Patterson-UTI Energy Inc.                                 | 132,412              | 124,224            |
| 5,600                                   | Ping An Insurance (Group) Co. of China Ltd., Shares H     | 61,156               | 67,744             |
| 9,400                                   | Pirelli & C. SpA  | 90,404               | 103,196            |
| 5,270                                   | Posera Ltd.   | 10,321               | 843                |
| 12,760                                  | Power Corporation of Canada                               | 384,418              | 375,654            |
| 3,301                                   | Richelieu Hardware Ltd.                                   | 78,974               | 90,480             |
| 450                                     | Roche Holding AG  | 127,631              | 131,757            |
| 5,356                                   | Royal Bank of Canada                                      | 471,876              | 530,190            |
| 8,700                                   | Samsung Electronics Co., Ltd.                             | 275,693              | 478,787            |
| 6,692                                   | Saputo Inc.   | 189,056              | 292,106            |
| 3,070                                   | Sberbank of Russia, ADR (London)                          | 73,968               | 58,255             |
| 536                                     | Schneider Electric S.A.*                                  | 45,265               | 58,761             |
| 550                                     | Sempra Energy   | 74,778               | 83,947             |
| 500                                     | Siemens AG, Registered Shares                             | 95,332               | 86,896             |
| 2,349                                   | Sleep Country Canada Holdings Inc.                        | 65,591               | 76,507             |
| 5,347                                   | SLM Corp.   | 76,121               | 80,481             |
| 9,850                                   | Sony Corp.  | 377,873              | 662,532            |
| 15,141                                  | Suncor Energy Inc.  | 626,800              | 810,044            |
| 3,800                                   | Swedbank AB*  | 118,774              | 106,943            |
| 12,518                                  | Synchrony Financial                                       | 494,828              | 549,283            |
| 5,898                                   | Teck Resources Ltd., Class B                              | 160,679              | 197,524            |
| 17,883                                  | The Bank of Nova Scotia                                   | 1,233,445            | 1,331,211          |
| 2,200                                   | The Stars Group Inc.*                                     | 68,265               | 104,896            |
| 750                                     | Thermo Fisher Scientific Inc.                             | 143,440              | 204,221            |
| 2,300                                   | Tokyo Gas Co., Ltd.                                       | 75,966               | 80,315             |
| 5,820                                   | Toronto-Dominion Bank                                     | 335,439              | 442,844            |
| 6,200                                   | UBS Group AG  | 131,452              | 126,138            |
| 500                                     | UnitedHealth Group Inc.                                   | 100,253              | 161,255            |
| 1,200                                   | Valeo S.A.  | 106,234              | 86,242             |
| 7,948                                   | Wells Fargo & Co.   | 443,394              | 579,237            |
| 6,300                                   | Wheaton Precious Metals Corp.                             | 158,314              | 182,826            |
|   |   | <b>18,700,401</b>    | <b>22,223,406</b>  |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

|                                | No. of Shares/<br>Par Value | Description   | Average<br>Cost (\$) | Fair<br>Value (\$) |
|--------------------------------|-----------------------------|---|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%)</b> |                             |   |                      |                    |
| USD                            | 29,000                      | 1011778 BC ULC/New Red Finance Inc., 5% 10/15/2025                              | 36,213               | 36,071             |
|                                | 10,000                      | 407 International Inc., 3.6% 05/21/2047   | 10,669               | 10,092             |
|                                | 8,000                       | 407 International Inc., 3.65% 09/08/2044  | 7,988                | 8,137              |
| EUR                            | 22,414                      | Abengoa Abenewco 1 S.A.U., 14% 03/31/2021                                       | 29,419               | 31,202             |
| USD                            | 34,814                      | Abengoa Abenewco 2 S.A.U., 1.5% 09/29/2022                                      | 5,147                | 7,780              |
| USD                            | 4,249                       | ABG Orphan Holdco S.a.r.l., 14% 02/28/2021                                      | 5,655                | 5,968              |
| USD                            | 4,418                       | ABG Orphan Holdco S.a.r.l., 14% 02/28/2021                                      | 5,867                | 6,232              |
| USD                            | 3,000                       | AECOM 5.125% 03/15/2027   | 3,922                | 3,717              |
| USD                            | 9,000                       | AECOM 5.875% 10/15/2024   | 9,852                | 12,245             |
| USD                            | 7,000                       | AerCap Global Aviation Trust 6.5% 06/15/2045                                    | 9,284                | 9,478              |
|                                | 5,000                       | Alimentation Couche-Tard Inc., 3.6% 06/02/2025                                  | 5,295                | 5,018              |
|                                | 28,000                      | Alimentation Couche-Tard Inc., 4.214% 08/21/2020                                | 30,252               | 28,841             |
| USD                            | 7,000                       | Alliance One International Inc., 9.875% 07/15/2021                              | 7,087                | 8,397              |
|                                | 12,000                      | Allied Properties Real Estate Investment Trust 3.748% 05/13/2020                | 12,356               | 12,159             |
|                                | 9,000                       | AltaLink LP., 4.872% 11/15/2040   | 11,127               | 10,822             |
| USD                            | 12,000                      | Altice Financing S.A., 6.625% 02/15/2023  | 15,554               | 15,546             |
| USD                            | 3,000                       | Altice Financing S.A., 7.5% 05/15/2026  | 4,250                | 3,814              |
| USD                            | 3,229                       | Altice S.A., 7.625% 02/15/2025  | 3,910                | 3,905              |
| USD                            | 35,458                      | Alvogen Pharma US Inc., Term Loan, Private Placement, variable rate, 04/02/2022 | 47,110               | 46,640             |
| USD                            | 3,000                       | American Axle & Manufacturing Inc., 6.25% 04/01/2025*                           | 4,052                | 3,914              |
|                                | 8,000                       | Anheuser-Busch InBev Finance Inc., 2.6% 05/15/2024                              | 7,998                | 7,717              |
|                                | 7,000                       | Anheuser-Busch InBev Finance Inc., 4.32% 05/15/2047                             | 7,008                | 7,192              |
| USD                            | 5,000                       | Apergy Corp., 6.375% 05/01/2026   | 6,504                | 6,680              |
| USD                            | 2,000                       | Aramark Services Inc., 5% 02/01/2028  | 2,509                | 2,511              |
| USD                            | 1,000                       | ARD Finance S.A., 7.125% 09/15/2023   | 1,290                | 1,318              |
| USD                            | 5,000                       | Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., 4.625% 05/15/2023        | 6,274                | 6,499              |
|                                | 11,525                      | Arrow Lakes Power Corp., 5.516% 04/05/2041                                      | 13,797               | 13,590             |
| USD                            | 7,000                       | Aston Martin Capital Holdings Ltd., 6.5% 04/15/2022                             | 9,339                | 9,390              |
|                                | 15,000                      | Aviva PLC 4.5% 05/10/2021   | 15,596               | 15,542             |
|                                | 20,000                      | Bank of Amercia Corp., 2.604% 03/15/2023  | 20,000               | 19,656             |
|                                | 19,000                      | Bank of America Corp., 3.228% 06/22/2022  | 19,046               | 19,137             |
|                                | 12,000                      | Bank of America Corp., 3.301% 04/24/2024  | 12,000               | 12,006             |
| USD                            | 16,000                      | Bank of America Corp., 6.1% 12/31/2049  | 20,323               | 21,861             |
| USD                            | 6,000                       | Bank of America Corp., FRN, 5.2% 12/31/2049                                     | 7,691                | 7,779              |
| USD                            | 6,000                       | Bank of America Corp., FRN, 6.5% 12/31/2049                                     | 8,587                | 8,380              |
|                                | 18,000                      | Bank of Montreal 2.27% 07/11/2022   | 17,998               | 17,608             |
|                                | 19,000                      | Bank of Montreal 2.7% 09/11/2024  | 18,998               | 18,657             |
|                                | 14,000                      | Bank of Montreal 2.89% 06/20/2023   | 13,997               | 13,966             |
|                                | 21,000                      | Bank of Montreal 3.32% 06/01/2026   | 21,036               | 21,098             |
|                                | 28,000                      | Bank of Montreal 3.34% 12/08/2025   | 28,716               | 28,195             |
|                                | 16,547                      | Bankers Hall L.P., 4.377% 11/20/2023  | 17,631               | 16,643             |
| USD                            | 30,000                      | Barclays PLC 7.875% 12/31/2049  | 39,671               | 40,742             |
| USD                            | 11,000                      | Barclays PLC 8.25% 12/15/2018   | 14,250               | 14,693             |
| USD                            | 17,000                      | Baytex Energy Corp., 5.625% 06/01/2024  | 16,608               | 20,951             |
|                                | 8,000                       | Baytex Energy Corp., 6.625% 07/19/2022  | 8,000                | 7,920              |
| USD                            | 49,000                      | Baytex Energy Corp., 6.75% 02/17/2021   | 48,359               | 64,654             |
|                                | 11,000                      | Bell Canada Inc., 3% 10/03/2022*  | 11,103               | 10,979             |
|                                | 7,000                       | Bell Canada Inc., 4.35% 12/18/2045  | 7,322                | 6,991              |
|                                | 10,000                      | Bell Canada Inc., 4.7% 09/11/2023   | 11,436               | 10,689             |
| USD                            | 12,000                      | BlueLine Rental Finance Corp./BlueLine Rental LLC 9.25% 03/15/2024              | 16,274               | 16,783             |
|                                | 13,389                      | BP L.P., 3.244% 01/09/2020  | 13,789               | 13,416             |
| GBP                            | 9,231                       | Brighthouse Group PLC 9% 05/15/2023   | 16,190               | 16,016             |
| USD                            | 6,000                       | Brinker International Inc., 5% 10/01/2024                                       | 7,764                | 7,611              |
|                                | 9,000                       | Brookfield Asset Management Inc., 3.8% 03/16/2027                               | 9,172                | 8,940              |
|                                | 19,000                      | Brookfield Asset Management Inc., 5.04% 03/08/2024                              | 21,556               | 20,421             |
|                                | 28,000                      | Brookfield Asset Management Inc., 5.3% 03/01/2021                               | 31,434               | 29,685             |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

|     | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|-----|-----------------------------|--|----------------------|--------------------|
|     |                             | <b>CORPORATE BONDS (15.5%) (cont'd)</b>                          |                      |                    |
|     | 16,000                      | Brookfield Asset Management Inc., 5.95% 06/14/2035               | 18,422               | 18,882             |
|     | 4,000                       | Brookfield Infrastructure Finance ULC 3.315% 02/22/2024          | 4,016                | 3,955              |
|     | 19,000                      | Brookfield Infrastructure Finance ULC 3.452% 03/11/2022*         | 19,307               | 19,175             |
|     | 18,000                      | Brookfield Infrastructure Finance ULC 3.538% 10/30/2020          | 18,601               | 18,288             |
|     | 20,000                      | Brookfield Property Finance ULC 4.346% 07/03/2023                | 20,000               | 20,000             |
|     | 6,000                       | Brookfield Renewable Partners ULC 3.63% 01/15/2027               | 6,090                | 5,913              |
|     | 4,000                       | Brookfield Renewable Partners ULC 3.752% 06/02/2025              | 4,174                | 4,039              |
|     | 6,000                       | Brookfield Renewable Partners ULC 4.79% 02/07/2022               | 6,671                | 6,340              |
|     | 26,000                      | Brookfield Renewable Partners ULC 5.84% 11/05/2036               | 29,919               | 30,498             |
| USD | 9,000                       | Brookfield Residential Properties Inc., 6.5% 12/15/2020          | 8,938                | 11,979             |
| USD | 4,000                       | BWAY Holding Co., 5.5% 04/15/2024                                | 5,341                | 5,127              |
| USD | 20,000                      | Calfrac Holdings L.P., 8.5% 06/15/2026                           | 25,736               | 26,282             |
|     | 6,000                       | Canada Life Capital Trust 7.529% 06/30/2032                      | 8,144                | 8,373              |
|     | 9,000                       | Canadian Imperial Bank of Commerce 2.3% 07/11/2022               | 9,005                | 8,816              |
|     | 40,000                      | Canadian Imperial Bank of Commerce 3% 10/28/2024                 | 40,475               | 40,146             |
|     | 15,000                      | Canadian Imperial Bank of Commerce 3.3% 05/26/2025               | 15,000               | 15,213             |
|     | 19,000                      | Canadian Imperial Bank of Commerce 3.42% 01/26/2026              | 19,535               | 19,136             |
|     | 9,000                       | Canadian Natural Resources Ltd., 3.31% 02/11/2022                | 9,096                | 9,075              |
|     | 9,000                       | Canadian Natural Resources Ltd., 4.85% 05/30/2047                | 8,971                | 9,368              |
|     | 14,000                      | Canadian Real Estate Investment Trust 2.564% 11/30/2019          | 14,046               | 13,986             |
|     | 10,000                      | Canadian Real Estate Investment Trust 2.951% 01/18/2023          | 10,000               | 9,830              |
|     | 9,000                       | Canadian Real Estate Investment Trust 3.676% 07/24/2018          | 9,235                | 9,010              |
|     | 15,000                      | Canadian Real Estate Investment Trust 4.323% 01/15/2021          | 15,971               | 15,453             |
|     | 10,000                      | Canadian Tire Corp., Ltd., 2.646% 07/06/2020                     | 10,000               | 9,999              |
|     | 13,000                      | Canadian Western Bank 2.737% 06/16/2022                          | 13,000               | 12,809             |
|     | 6,000                       | Canadian Western Bank 2.751% 06/29/2020                          | 5,995                | 5,992              |
|     | 10,000                      | Canadian Western Bank 2.788% 09/13/2021                          | 10,111               | 9,919              |
|     | 10,000                      | Canadian Western Bank 2.881% 03/01/2021                          | 10,000               | 9,980              |
|     | 20,000                      | Canadian Western Bank 3.077% 01/14/2019                          | 20,399               | 20,098             |
|     | 16,000                      | Capital Power Corp., 4.284% 09/18/2024                           | 16,000               | 16,168             |
|     | 13,000                      | Capital Power Corp., 5.276% 11/16/2020                           | 13,841               | 13,605             |
|     | 13,000                      | CCL Industries Inc., 3.864% 04/13/2028                           | 13,019               | 13,151             |
| USD | 12,000                      | CCO Holdings LLC/CCO Holdings Capital Corp., 5.125% 05/01/2023   | 15,109               | 15,573             |
| USD | 5,000                       | CCO Holdings LLC/CCO Holdings Capital Corp., 5.375% 05/01/2025   | 6,376                | 6,359              |
| USD | 3,000                       | CCO Holdings LLC/CCO Holdings Capital Corp., 5.75% 02/15/2026    | 3,950                | 3,875              |
| USD | 5,000                       | Cenovus Energy Inc., 5.25% 06/15/2037                            | 5,984                | 6,492              |
| USD | 6,000                       | Cenovus Energy Inc., 6.75% 11/15/2039                            | 7,459                | 8,661              |
| USD | 1,000                       | Centene Escrow I Corp., 5.375% 06/01/2026                        | 1,276                | 1,332              |
| USD | 3,000                       | Centennial Resource Production LLC 5.375% 01/15/2026             | 3,830                | 3,835              |
|     | 13,000                      | CES Energy Solutions Corp., 6.375% 10/21/2024                    | 13,000               | 13,000             |
| USD | 3,000                       | Chemours Co., 5.375% 05/15/2027                                  | 4,080                | 3,815              |
| USD | 3,000                       | Chemours Co., 6.625% 05/15/2023                                  | 3,550                | 4,136              |
| USD | 11,000                      | Cheniere Corpus Christi Holdings LLC 5.125% 06/30/2027           | 15,009               | 14,333             |
| USD | 9,121                       | Chinos Holdings Inc., 7% 12/31/2049                              | 4,396                | 6,714              |
|     | 10,000                      | Choice Properties LP., 3.6% 04/20/2020                           | 10,544               | 10,134             |
|     | 15,000                      | Choice Properties Real Estate Investment Trust 4.178% 03/08/2028 | 15,000               | 15,142             |
|     | 23,000                      | Choice Properties Real Estate Investment Trust 4.903% 07/05/2023 | 26,145               | 24,508             |
|     | 5,000                       | Choice Properties Real Estate Investment Trust 5.268% 03/07/2046 | 5,767                | 5,631              |
|     | 42,000                      | CIBC Capital Trust 9.976% 06/30/2108                             | 46,377               | 44,856             |
| USD | 17,000                      | Citigroup Inc., 5.875% 12/31/2049                                | 21,741               | 22,891             |
| USD | 4,000                       | Citigroup Inc., 5.9% 12/29/2049                                  | 5,447                | 5,350              |
| USD | 9,000                       | Clearwater Seafoods Inc., 6.875% 05/01/2025                      | 11,924               | 11,358             |
|     | 12,127                      | Comber Wind Financial Corp., 5.132% 11/15/2030                   | 13,543               | 12,936             |
|     | 9,000                       | Cominar Real Estate Investment Trust 3.62% 06/21/2019            | 9,168                | 9,036              |
|     | 10,000                      | Cominar Real Estate Investment Trust 4.164% 06/01/2022           | 10,000               | 9,918              |
|     | 4,000                       | Cominar Real Estate Investment Trust 4.247% 05/23/2023           | 4,096                | 3,941              |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

|   | No. of Shares/<br>Par Value | Description   | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|-----------------------------|---|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%) (cont'd)</b> |                             |   |                      |                    |
| USD                                     | 7,000                       | Corrections Corp. of America 4.625% 05/01/2023  | 8,931                | 8,926              |
| USD                                     | 9,000                       | Corrections Corp. of America 5% 10/15/2022  | 11,821               | 11,831             |
| USD                                     | 31,000                      | Credit Suisse Group AG 6.25% 12/31/2049   | 36,020               | 39,838             |
| USD                                     | 14,000                      | Credit Suisse Group AG 7.125% 12/31/2049  | 18,430               | 18,739             |
|   | 21,000                      | Crew Energy Inc., 6.5% 03/14/2024   | 20,952               | 19,495             |
| USD                                     | 7,000                       | Crown Americas LLC/Crown Americas Capital Corp., 4.25% 09/30/2026                             | 8,383                | 8,420              |
| USD                                     | 2,000                       | Crown Americas LLC/Crown Americas Capital Corp., 4.5% 01/15/2023                              | 2,543                | 2,577              |
| USD                                     | 14,000                      | CrownRock L.P./CrownRock Finance Inc., 5.625% 10/15/2025                                      | 17,521               | 17,759             |
| USD                                     | 1,000                       | CSC Holdings LLC 5.375% 02/01/2028  | 1,247                | 1,216              |
|   | 14,000                      | CT Real Estate Investment Trust 3.527% 06/09/2025   | 14,632               | 13,885             |
|   | 1,000                       | CU Inc., 3.964% 07/27/2045  | 1,069                | 1,068              |
|   | 17,000                      | Daimler Canada Finance Inc., 2.23% 12/16/2021   | 16,983               | 16,588             |
|   | 19,578                      | Data & Audio Visual Enterprises Wireless Inc., Private Placement 15% 09/25/2018               | -                    | -                  |
| USD                                     | 3,000                       | DaVita Inc., 5% 05/01/2025  | 3,831                | 3,712              |
| USD                                     | 17,000                      | DaVita Inc., 5.125% 07/15/2024  | 18,820               | 21,677             |
| USD                                     | 25,000                      | DCP Midstream LLC, FRN, 5.85% 05/21/2043  | 24,603               | 30,070             |
| USD                                     | 2,000                       | Diamondback Energy Inc., 5.375% 05/31/2025  | 2,565                | 2,623              |
| USD                                     | 1,000                       | Digicel Group Ltd., 8.25% 09/30/2020  | 1,224                | 992                |
| USD                                     | 993                         | Digicel International Finance Ltd., Term Loan B, Private Placement, variable rate, 05/10/2024 | 1,348                | 1,244              |
| USD                                     | 3,000                       | Digicel Ltd., 6% 04/15/2021   | 3,765                | 3,574              |
| USD                                     | 12,000                      | Dole Food Co., Inc., 7.25% 06/15/2025   | 15,966               | 15,617             |
|   | 10,000                      | Emera Inc., 2.9% 06/16/2023   | 10,238               | 9,856              |
|   | 11,000                      | Enbridge Gas Distribution Inc., 3.51% 11/29/2047  | 11,000               | 10,854             |
|   | 4,000                       | Enbridge Inc., 3.19% 12/05/2022   | 4,180                | 4,003              |
|   | 8,000                       | Enbridge Inc., 4.24% 08/27/2042   | 7,533                | 7,638              |
|   | 12,000                      | Enbridge Inc., 4.57% 03/11/2044   | 11,941               | 12,021             |
|   | 8,000                       | Enbridge Inc., 5.375% 09/27/2077  | 8,000                | 7,582              |
|   | 9,000                       | Enbridge Inc., 6.625% 04/12/2078  | 9,130                | 9,251              |
|   | 13,000                      | Enbridge Income Fund 4.87% 11/21/2044   | 13,736               | 13,408             |
| USD                                     | 7,000                       | Endeavor Energy Resources L.P./EER Finance Inc., 5.5% 01/30/2026                              | 8,971                | 8,926              |
| USD                                     | 15,000                      | Endeavor Energy Resources L.P./EER Finance Inc., 5.75% 01/30/2028                             | 19,223               | 19,225             |
|   | 8,000                       | EPCOR Utilities Inc., 4.55% 02/28/2042  | 9,415                | 9,223              |
| USD                                     | 3,000                       | ESAL GmbH 6.25% 02/05/2023  | 3,603                | 3,673              |
| USD                                     | 2,909                       | Evergreen Skills Lux S.a.r.l., Term Loan 1, Private Placement, variable rate, 04/28/2021      | 3,601                | 3,605              |
| USD                                     | 15,000                      | Evergreen Skills Lux S.a.r.l., Term Loan 2, Private Placement, variable rate, 04/28/2022      | 16,188               | 16,373             |
|   | 26,026                      | Fifth Avenue L.P., 4.71% 08/05/2021   | 27,823               | 26,732             |
| USD                                     | 10,000                      | First Quantum Minerals Ltd., 144A, 7% 02/15/2021  | 9,900                | 13,277             |
| USD                                     | 2,000                       | First Quantum Minerals Ltd., 6.875% 03/01/2026  | 2,444                | 2,517              |
| USD                                     | 12,000                      | First Quantum Minerals Ltd., 7.25% 05/15/2022   | 11,090               | 15,932             |
| USD                                     | 4,000                       | First Quantum Minerals Ltd., 7.5% 04/01/2025  | 5,019                | 5,189              |
| USD                                     | 4,000                       | Foot Locker Inc., 8.5% 01/15/2022   | 4,620                | 6,007              |
|   | 12,000                      | Ford Auto Securitization Trust 2.319% 04/15/2022**  | 12,000               | 11,960             |
|   | 15,000                      | Ford Floorplan Auto Securitization Trust 2.397% 07/15/2020                                    | 15,000               | 14,837             |
|   | 14,000                      | Fortified Trust 1.67% 07/23/2021  | 14,082               | 13,552             |
|   | 9,000                       | Fortified Trust 2.161% 10/23/2020   | 9,000                | 8,903              |
|   | 8,000                       | FortisAlberta Inc., 4.27% 09/22/2045  | 9,321                | 8,947              |
|   | 10,000                      | FortisBC Energy Inc., 5.8% 05/13/2038   | 13,834               | 13,172             |
| USD                                     | 4,000                       | Freeport-McMoRan Inc., 5.4% 11/14/2034  | 3,800                | 4,772              |
| USD                                     | 2,000                       | FXI Holdings Inc., 7.875% 11/01/2024  | 2,565                | 2,570              |
|   | 10,000                      | General Motors Financial of Canada Ltd., 3% 02/26/2021  | 9,997                | 9,975              |
| USD                                     | 10,000                      | Genworth Holdings Inc., 4.345% 11/15/2066   | 9,795                | 7,986              |
| USD                                     | 6,000                       | Genworth Holdings Inc., 4.8% 02/15/2024   | 6,130                | 6,842              |
| USD                                     | 12,000                      | Genworth Holdings Inc., 4.9% 08/15/2023   | 11,805               | 13,803             |
| USD                                     | 11,000                      | Genworth Holdings Inc., 7.625% 09/24/2021   | 12,692               | 14,765             |
|   | 7,000                       | George Weston Ltd., 7.1% 02/05/2032   | 9,360                | 8,974              |
| USD                                     | 22,000                      | Getty Images Inc., 144A, 7% 10/15/2020  | 18,165               | 26,462             |

\*\*The disclosed par value is the original par value prior to application of pay down factors.

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

# Skylon Growth & Income Trust

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

|   | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|-----------------------------|--|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%) (cont'd)</b> |                             |  |                      |                    |
| USD                                     | 6,716                       | Getty Images Inc., Term Loan B, Private Placement, variable rate, 10/18/2019         | 6,953                | 8,512              |
|   | 38,000                      | Gibson Energy Inc., 5.25% 07/15/2024   | 38,000               | 37,858             |
|   | 15,000                      | Gibson Energy Inc., 5.375% 07/15/2022  | 15,000               | 15,094             |
|   | 14,000                      | Glacier Credit Card Trust 2.568% 09/20/2019  | 14,442               | 14,019             |
|   | 22,000                      | Glacier Credit Card Trust 3.237% 09/20/2020  | 21,926               | 21,899             |
|   | 10,000                      | Glacier Credit Card Trust 3.298% 09/20/2022  | 9,782                | 9,846              |
| USD                                     | 1,000                       | GLP Capital L.P./GLP Financing II Inc., 5.75% 06/01/2028                             | 1,289                | 1,324              |
|   | 1,931                       | Golden Credit Card Trust 2.134% 03/15/2019   | 1,929                | 1,920              |
| USD                                     | 10,000                      | Goldman Sachs Group Inc., 5.3% 12/31/2049  | 13,034               | 12,850             |
| USD                                     | 13,000                      | Goldman Sachs Group Inc., 5.375% 12/31/2049  | 15,835               | 17,388             |
|   | 16,759                      | Golf Town Canada Inc./Golfsmith International Holdings Inc., Zero Coupon, 07/24/2018 | 16,771               | 5,031              |
|   | 14,000                      | Granite REIT Holdings L.P., 3.788% 07/05/2021  | 14,553               | 14,152             |
|   | 19,000                      | Granite REIT Holdings L.P., 3.873% 11/30/2023  | 19,000               | 19,055             |
| USD                                     | 8,000                       | H&E Equipment Services Inc., 5.625% 09/01/2025                                       | 10,140               | 10,332             |
|   | 5,000                       | H&R Real Estate Investment Trust 3.416% 01/23/2023                                   | 5,000                | 4,976              |
| USD                                     | 12,459                      | Hartford Financial Services Group Inc., 4.4675% 02/12/2047                           | 10,898               | 15,477             |
| USD                                     | 12,000                      | HCA Inc., 5% 03/15/2024  | 16,372               | 15,775             |
| USD                                     | 9,000                       | HCA Inc., 5.25% 04/15/2025   | 11,833               | 11,831             |
| USD                                     | 4,000                       | HCA Inc., 5.25% 06/15/2026   | 5,232                | 5,222              |
| USD                                     | 2,000                       | HCA Inc., 7.58% 09/15/2025   | 2,850                | 2,839              |
|   | 14,000                      | Heathrow Funding Ltd., FRN, 3% 06/17/2023  | 14,489               | 14,088             |
| USD                                     | 8,000                       | Hertz Corp., 7.625% 06/01/2022   | 10,808               | 10,096             |
|   | 5,000                       | Home Trust Co., 3.4% 12/10/2018  | 4,888                | 4,994              |
|   | 8,000                       | Honda Canada Finance Inc., 1.823% 12/07/2021   | 7,987                | 7,739              |
|   | 3,000                       | Honda Canada Finance Inc., 2.268% 07/15/2022   | 3,000                | 2,929              |
| USD                                     | 23,000                      | Howard Hughes Corp., 5.375% 03/15/2025   | 30,817               | 29,668             |
|   | 14,000                      | HSBC Bank Canada 2.449% 01/29/2021   | 13,906               | 13,870             |
|   | 11,000                      | HSBC Bank Canada 2.542% 01/31/2023   | 11,000               | 10,751             |
|   | 16,000                      | HSBC Bank Canada 2.938% 01/14/2020   | 16,638               | 16,088             |
|   | 10,000                      | HSBC Bank Canada 3.245% 09/15/2023   | 10,000               | 10,040             |
|   | 7,000                       | HSBC Holdings PLC 3.196% 12/05/2023  | 7,005                | 6,960              |
| USD                                     | 7,000                       | HSBC Holdings PLC 6.875% 12/31/2049  | 9,201                | 9,512              |
| USD                                     | 3,000                       | HSBC Holdings PLC, FRN, 6.375% 12/31/2049  | 3,749                | 3,870              |
| USD                                     | 5,000                       | HUB International Ltd., 7% 05/01/2026  | 6,388                | 6,491              |
| USD                                     | 13,000                      | Hughes Satellite Systems Corp., 5.25% 08/01/2026                                     | 16,898               | 16,021             |
| USD                                     | 2,000                       | Hughes Satellite Systems Corp., 6.625% 08/01/2026                                    | 2,751                | 2,432              |
|   | 5,000                       | IGM Financial Inc., 4.56% 01/25/2047   | 5,000                | 5,368              |
| USD                                     | 6,000                       | ILFC E-Capital Trust I, FRN, 4.67% 12/21/2065  | 6,470                | 7,375              |
| USD                                     | 17,000                      | ILFC E-Capital Trust II 4.82% 12/21/2065   | 20,243               | 20,671             |
| USD                                     | 10,000                      | ING Groep N.V., 6% 12/31/2049  | 12,464               | 13,072             |
| USD                                     | 32,000                      | ING Groep N.V., 6.5% 12/31/2049  | 39,817               | 40,670             |
| USD                                     | 4,000                       | ING Groep N.V., 6.875% 12/31/2049  | 5,295                | 5,361              |
| USD                                     | 15,000                      | Intelsat Jackson Holdings S.A., 5.5% 08/01/2023                                      | 16,513               | 17,691             |
| USD                                     | 25,000                      | Intelsat Jackson Holdings S.A., 7.25% 10/15/2020                                     | 25,339               | 32,699             |
| USD                                     | 7,000                       | Intelsat Jackson Holdings S.A., 7.5% 04/01/2021                                      | 6,761                | 9,133              |
| USD                                     | 10,000                      | Intelsat Jackson Holdings S.A., 8% 02/15/2024  | 13,083               | 13,803             |
|   | 15,000                      | Iron Mountain Canada Operations ULC 5.375% 09/15/2023                                | 15,007               | 15,150             |
| USD                                     | 14,000                      | iStar Inc., 5.25% 09/15/2022   | 17,257               | 17,817             |
| USD                                     | 11,000                      | J. Crew Brand LLC/J. Crew Brand Corp., 13% 09/15/2021                                | 16,872               | 16,990             |
| USD                                     | 16,397                      | J. Crew Group Inc., Term Loan B, Private Placement, variable rate, 03/05/2021        | 17,240               | 17,935             |
| USD                                     | 10,000                      | JBS USA LLC S.A./JBS USA Finance Inc., 5.75% 06/15/2025                              | 12,289               | 12,225             |
| USD                                     | 18,000                      | JPMorgan Chase & Co., 6.75% 08/29/2049   | 26,364               | 25,732             |
| USD                                     | 8,000                       | JPMorgan Chase & Co., FRN, 5% 12/29/2049   | 10,351               | 10,569             |
| USD                                     | 3,000                       | JPMorgan Chase & Co., FRN, 6% 12/29/2049   | 4,024                | 4,027              |
| USD                                     | 24,000                      | Kennedy-Wilson Inc., 5.875% 04/01/2024   | 27,149               | 30,603             |
| USD                                     | 3,000                       | KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America 5% 06/01/2024            | 3,932                | 3,893              |

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

# Skylon Growth & Income Trust

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

|   | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|-----------------------------|--|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%) (cont'd)</b> |                             |  |                      |                    |
| USD                                     | 3,000                       | KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America 5.25% 06/01/2026           | 3,932                | 3,884              |
| USD                                     | 3,000                       | Kinross Gold Corp., 4.5% 07/15/2027  | 3,910                | 3,618              |
| USD                                     | 10,000                      | Kinross Gold Corp., 6.875% 09/01/2041  | 14,518               | 13,474             |
|   | 18,237                      | KS SP L.P./KS SP1 L.P./ARI SP L.P./ARI SP1 L.P., 3.21% 06/15/2019                      | 18,707               | 18,263             |
| USD                                     | 7,000                       | Lamb Weston Holdings Inc., 4.625% 11/01/2024   | 9,018                | 8,949              |
| USD                                     | 3,000                       | Lamb Weston Holdings Inc., 4.875% 11/01/2026   | 4,018                | 3,835              |
| USD                                     | 8,000                       | Land O'Lakes Capital Trust I 7.45% 03/15/2028  | 7,155                | 11,778             |
| USD                                     | 16,000                      | Land O'Lakes Inc., 6% 11/15/2022   | 15,939               | 22,295             |
| USD                                     | 11,920                      | Lannett Co., Inc., Term Loan B, Private Placement, variable rate, 11/25/2022           | 14,315               | 15,587             |
| USD                                     | 27,000                      | LBC Tank Terminals Holding Netherlands B.V., 6.875% 05/15/2023                         | 28,309               | 35,848             |
| USD                                     | 13,000                      | Liberty Mutual Group Inc., FRN, 5.24563% 03/15/2037                                    | 12,965               | 16,662             |
| USD                                     | 3,000                       | Lincoln National Corp., 4.39866% 04/20/2067  | 2,831                | 3,668              |
| USD                                     | 99,000                      | Lincoln National Corp., Callable, 4.67813% 05/17/2066                                  | 79,549               | 123,872            |
|   | 4,763                       | Livingston International Inc., Term Loan, Private Placement, variable rate, 03/18/2020 | 4,715                | 4,477              |
| USD                                     | 4,887                       | Livingston International Inc., Term Loan, Private Placement, variable rate, 04/18/2020 | 4,811                | 6,039              |
| USD                                     | 6,000                       | Lloyds Bank PLC, FRN, 12% 12/31/2049   | 10,236               | 9,653              |
| GBP                                     | 20,000                      | Lloyds Banking Group PLC 7% 12/31/2049   | 37,651               | 35,351             |
|   | 17,000                      | Loblaw Co., Ltd., 6.05% 06/09/2034   | 21,254               | 20,650             |
|   | 13,000                      | Loblaw Co., Ltd., 6.45% 02/09/2028   | 16,543               | 15,651             |
|   | 12,000                      | Loblaw Co., Ltd., 6.5% 01/22/2029  | 15,536               | 14,549             |
|   | 21,000                      | Lower Mattagami Energy L.P., 4.944% 09/21/2043   | 27,019               | 25,868             |
|   | 8,000                       | Manulife Bank of Canada 2.082% 05/26/2022  | 8,000                | 7,761              |
|   | 15,000                      | Manulife Bank of Canada 2.844% 01/12/2023  | 14,973               | 14,907             |
|   | 12,000                      | Master Credit Card Trust II 3.056% 01/21/2022  | 11,864               | 11,949             |
| USD                                     | 6,000                       | Mattamy Group Corp., (USD) 6.5% 10/01/2025   | 7,397                | 7,734              |
|   | 14,000                      | Mattamy Group Corp., 6.5% 10/01/2025   | 14,080               | 13,942             |
| USD                                     | 9,000                       | Mattamy Group Corp., 6.875% 12/15/2023   | 11,907               | 11,992             |
| USD                                     | 4,000                       | MEG Energy Corp., 6.375% 01/30/2023  | 4,058                | 4,890              |
| USD                                     | 8,000                       | MEG Energy Corp., 6.5% 01/15/2025  | 10,495               | 10,490             |
| USD                                     | 3,000                       | Merlin Entertainments PLC 5.75% 06/15/2026   | 3,863                | 4,003              |
|   | 23,000                      | Merrill Lynch & Co., Inc., FRN, 2.67% 05/30/2022                                       | 22,732               | 23,005             |
|   | 15,000                      | Metro Inc., 2.68% 12/05/2022   | 14,796               | 14,740             |
|   | 5,000                       | Metro Inc., 3.39% 12/06/2027   | 4,997                | 4,889              |
|   | 5,000                       | Metro Inc., 4.27% 12/04/2047   | 4,995                | 4,974              |
|   | 14,000                      | Metro Inc., 5.03% 12/01/2044   | 16,040               | 15,615             |
| USD                                     | 14,000                      | MGM Growth Properties Operating Partnership L.P., 5.625% 05/01/2024                    | 19,098               | 18,634             |
| USD                                     | 6,000                       | MGM Growth Properties Operating Partnership L.P./MGP Finance 4.5% 01/15/2028           | 7,082                | 7,158              |
| USD                                     | 10,000                      | MGM Resorts International 4.625% 09/01/2026  | 12,821               | 12,160             |
| USD                                     | 7,000                       | MGM Resorts International 5.75% 06/15/2025   | 9,216                | 9,194              |
|   | 10,000                      | Molson Coors International L.P., 2.84% 07/15/2023                                      | 9,668                | 9,702              |
|   | 10,000                      | Molson Coors International L.P., 3.44% 07/15/2026                                      | 9,569                | 9,617              |
| USD                                     | 9,000                       | Nabors Industries Inc., 5.75% 02/01/2025*  | 11,188               | 11,180             |
|   | 25,000                      | National Bank of Canada 2.404% 10/28/2019  | 25,736               | 25,009             |
| USD                                     | 6,000                       | National Westminster Bank PLC, FRN, 2.5% 08/29/2049                                    | 3,892                | 6,408              |
| USD                                     | 10,000                      | National Westminster Bank PLC, FRN, 2.5625% 12/31/2049                                 | 6,486                | 10,733             |
| USD                                     | 26,000                      | Nationstar Mortgage LLC/Nationstar Capital Corp., 6.5% 06/01/2022                      | 31,253               | 33,922             |
| USD                                     | 29,000                      | Nationstar Mortgage LLC/Nationstar Capital Corp., 6.5% 07/01/2021                      | 35,183               | 38,026             |
| USD                                     | 2,000                       | Navient Corp., 7.25% 01/25/2022  | 2,708                | 2,751              |
| USD                                     | 13,000                      | Navios Maritime Holdings Inc./Navios Maritime Finance II US Inc., 7.375% 01/15/2022    | 13,608               | 12,977             |
| USD                                     | 14,000                      | Navios South American Logistics Inc./Navios Logistics Inc., 7.25% 05/01/2022           | 15,615               | 17,806             |
|   | 13,000                      | NBC Asset Trust 7.235% 06/30/2049  | 13,462               | 13,002             |
| USD                                     | 9,860                       | Neovia Logistics Intermediate Holdings LLC 10% 04/01/2020                              | 7,757                | 7,323              |
| USD                                     | 5,519                       | Netflix Inc., 5.75% 03/01/2024   | 6,114                | 7,437              |
| USD                                     | 4,000                       | New Gold Inc., 6.375% 05/15/2025   | 5,504                | 5,179              |
| USD                                     | 24,000                      | NGL Energy Partners L.P./NGL Energy Finance Corp., 6.125% 03/01/2025                   | 31,390               | 29,814             |
| USD                                     | 22,000                      | NGL Energy Partners L.P./NGL Energy Finance Corp., 6.875% 10/15/2021                   | 23,838               | 29,281             |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

|   | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|-----------------------------|--|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%) (cont'd)</b> |                             |  |                      |                    |
| USD                                     | 5,000                       | NGL Energy Partners L.P./NGL Energy Finance Corp., 7.5% 11/01/2023                 | 6,776                | 6,638              |
|   | 10,000                      | Nissan Canada Financial Services Inc., 1.75% 04/09/2020                            | 10,000               | 9,841              |
|   | 6,300                       | NorthWestConnect Group Partnership 5.95% 04/30/2041                                | 7,985                | 7,431              |
| USD                                     | 6,000                       | NOVA Chemicals Corp., 4.875% 06/01/2024  | 8,088                | 7,493              |
| USD                                     | 5,000                       | NOVA Chemicals Corp., 5.25% 06/01/2027   | 6,740                | 6,125              |
| USD                                     | 13,000                      | NuFarm Australia Ltd./Nufarm Americas Inc., 5.75% 04/30/2026                       | 16,530               | 16,576             |
| USD                                     | 7,000                       | NuStar Logistics L.P., 6.75% 02/01/2021  | 7,230                | 9,639              |
|   | 13,000                      | NuVista Energy Ltd., 6.5% 03/02/2023   | 13,000               | 13,065             |
| USD                                     | 1,000                       | Ortho-Clinical Diagnostics Inc./Ortho-Clinical Diagnostics S.A., 6.625% 05/15/2022 | 1,050                | 1,285              |
| USD                                     | 5,000                       | Park Aerospace Holdings Ltd., 4.5% 03/15/2023                                      | 6,092                | 6,243              |
| USD                                     | 7,000                       | Park Aerospace Holdings Ltd., 5.25% 08/15/2022                                     | 9,329                | 9,110              |
|   | 15,000                      | Parkland Fuel Corp., 5.625% 05/09/2025   | 15,000               | 15,028             |
|   | 19,000                      | Parkland Fuel Corp., 5.75% 09/16/2024  | 19,000               | 19,166             |
| USD                                     | 9,000                       | Parkland Fuel Corp., 6% 04/01/2026   | 11,771               | 11,653             |
| USD                                     | 1,000                       | Parsley Energy LLC/Parsley Finance Corp., 5.25% 08/15/2025                         | 1,315                | 1,292              |
| USD                                     | 10,000                      | Parsley Energy LLC/Parsley Finance Corp., 5.375% 01/15/2025                        | 13,232               | 13,047             |
| USD                                     | 3,000                       | Parsley Energy LLC/Parsley Finance Corp., 5.625% 10/15/2027                        | 3,771                | 3,914              |
|   | 10,000                      | Pembina Pipeline Corp., 3.54% 02/03/2025   | 10,073               | 10,010             |
|   | 15,000                      | Pembina Pipeline Corp., 4.74% 01/21/2047   | 14,940               | 15,237             |
|   | 19,000                      | Penske Truck Leasing Canada Inc., 2.85% 12/07/2022                                 | 19,041               | 18,708             |
|   | 13,000                      | Penske Truck Leasing Canada Inc., 2.95% 06/12/2020                                 | 13,249               | 13,018             |
|   | 9,000                       | PepsiCo Inc., 2.15% 05/06/2024   | 8,994                | 8,602              |
|   | 5,000                       | Power Corporation of Canada 4.81% 01/31/2047                                       | 5,000                | 5,522              |
|   | 21,000                      | Power Corporation of Canada 7.57% 04/22/2019                                       | 23,888               | 21,804             |
|   | 14,000                      | Power Corporation of Canada 8.57% 04/22/2039                                       | 22,821               | 22,211             |
| USD                                     | 5,000                       | Precision Drilling Corp., 5.25% 11/15/2024   | 5,418                | 6,211              |
| USD                                     | 6,000                       | Precision Drilling Corp., 7.75% 12/15/2023   | 8,039                | 8,301              |
| USD                                     | 22,000                      | Project Homestake Merger Corp., 8.875% 03/01/2023*                                 | 27,545               | 27,416             |
| USD                                     | 21,000                      | Rayonier AM Products Inc., 5.5% 06/01/2024   | 22,987               | 25,949             |
|   | 20,000                      | Real Estate Asset Liquidity Trust 3.5% 05/12/2025**                                | 19,507               | 18,692             |
|   | 32,000                      | Reliance L.P., 3.813% 09/15/2020   | 32,421               | 32,495             |
|   | 14,000                      | Reliance L.P., 3.836% 03/15/2025   | 14,029               | 13,872             |
|   | 4,000                       | Reliance L.P., 4.075% 08/02/2021   | 4,192                | 4,084              |
|   | 27,000                      | Reliance L.P., 5.187% 03/15/2019   | 28,336               | 27,482             |
| USD                                     | 4,000                       | Resolute Energy Corp., 8.5% 05/01/2020   | 5,430                | 5,245              |
| USD                                     | 6,000                       | Reynolds Group Issuer Inc./Reynolds Group Issuer LLC 7% 07/15/2024                 | 7,683                | 8,055              |
|   | 4,000                       | RioCan Real Estate Investment Trust 2.83% 10/03/2022                               | 3,971                | 3,936              |
|   | 3,000                       | RioCan Real Estate Investment Trust 3.746% 05/30/2022                              | 3,131                | 3,062              |
|   | 6,000                       | RioCan Real Estate Investment Trust 3.85% 06/28/2019                               | 6,322                | 6,081              |
| USD                                     | 18,000                      | Rite Aid Corp., 6.125% 04/01/2023  | 21,779               | 23,993             |
| USD                                     | 11,000                      | Rite Aid Corp., 7.7% 02/15/2027  | 13,100               | 12,219             |
| USD                                     | 20,000                      | Rockpoint Gas Storage Canada Ltd., 7% 03/31/2023                                   | 24,867               | 26,291             |
|   | 11,000                      | Rogers Communications Inc., 5.34% 03/22/2021                                       | 12,534               | 11,727             |
|   | 8,000                       | Rogers Communications Inc., 5.38% 11/04/2019                                       | 8,886                | 8,306              |
|   | 15,000                      | Rogers Communications Inc., 6.11% 08/25/2040                                       | 19,107               | 18,680             |
|   | 16,000                      | Royal Bank of Canada 2.03% 03/15/2021  | 16,129               | 15,723             |
|   | 29,000                      | Royal Bank of Canada 2.36% 12/05/2022  | 28,997               | 28,385             |
|   | 5,000                       | Royal Bank of Canada 2.949% 05/01/2023   | 5,000                | 5,006              |
|   | 21,000                      | Royal Bank of Canada 3.31% 01/20/2026  | 21,592               | 21,124             |
|   | 9,000                       | Royal Bank of Canada, FRN, 2.99% 12/06/2024  | 9,306                | 9,051              |
|   | 5,000                       | Royal Bank of Canada, FRN, 3.04% 07/17/2024  | 5,057                | 5,021              |
| USD                                     | 7,000                       | RSP Permian Inc., 5.25% 01/15/2025   | 9,318                | 9,843              |
| USD                                     | 3,000                       | RSP Permian Inc., 6.625% 10/01/2022  | 3,896                | 4,144              |
| USD                                     | 2,000                       | Sabre GLOB Inc., 5.25% 11/15/2023  | 2,637                | 2,645              |
| USD                                     | 10,000                      | Sabre GLOB Inc., 5.375% 04/15/2023   | 12,735               | 13,277             |
| USD                                     | 5,000                       | Scientific Games Corp., 5% 10/15/2025  | 6,214                | 6,261              |
| USD                                     | 11,000                      | Scientific Games International Inc., 10% 12/01/2022                                | 11,148               | 15,428             |

\*Denotes all or part of securities on loan.

\*\*The disclosed par value is the original par value prior to application of pay down factors.

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



# Skylon Growth & Income Trust

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

|     | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|-----|-----------------------------|--|----------------------|--------------------|
|     |                             | <b>CORPORATE BONDS (15.5%) (cont'd)</b>  |                      |                    |
| USD | 24,000                      | Scientific Games International Inc., 6.25% 09/01/2020                                | 23,736               | 31,549             |
| USD | 15,000                      | Scientific Games International Inc., 6.625% 05/15/2021                               | 18,005               | 19,965             |
|     | 19,805                      | SEC L.P. and Arci Ltd., 5.188% 08/29/2033  | 22,140               | 21,069             |
| USD | 26,000                      | Seven Generations Energy Ltd., 5.375% 09/30/2025                                     | 32,334               | 32,854             |
| USD | 10,000                      | Seven Generations Energy Ltd., 6.75% 05/01/2023                                      | 12,228               | 13,606             |
| USD | 13,000                      | Seven Generations Energy Ltd., 6.875% 06/30/2023                                     | 16,254               | 17,623             |
| USD | 5,000                       | SFR Group S.A., 6% 05/15/2022  | 5,848                | 6,596              |
| USD | 2,000                       | SFR Group S.A., 6.25% 05/15/2024   | 2,284                | 2,554              |
| USD | 2,000                       | SFR Group S.A., 7.375% 05/01/2026  | 2,767                | 2,570              |
|     | 9,000                       | Shaw Communications Inc., 5.65% 10/01/2019   | 9,887                | 9,345              |
|     | 6,000                       | Shaw Communications Inc., 6.75% 11/09/2039   | 7,408                | 7,532              |
| USD | 3,000                       | Shea Homes L.P./Shea Homes Funding Corp., 5.875% 04/01/2023                          | 3,828                | 3,949              |
| USD | 5,000                       | Shea Homes L.P./Shea Homes Funding Corp., 6.125% 04/01/2025                          | 6,374                | 6,540              |
| USD | 8,000                       | Silversea Cruises Ltd., 7.25% 02/01/2025   | 10,623               | 11,359             |
|     | 10,000                      | SmartCentres Real Estate Investment Trust 3.444% 08/28/2026                          | 9,999                | 9,611              |
|     | 11,000                      | SmartCentres Real Estate Investment Trust 3.73% 07/22/2022                           | 11,662               | 11,152             |
|     | 12,000                      | SmartCentres Real Estate Investment Trust 3.834% 12/21/2027                          | 12,000               | 11,692             |
| USD | 19,000                      | SPL Logistics Escrow LLC/SPL Logistics Finance Corp., 8.875% 08/01/2020              | 20,391               | 21,230             |
| USD | 2,000                       | Spring Corp., 7.625% 03/01/2026  | 2,524                | 2,682              |
| USD | 47,000                      | Sprint Capital Corp., 6.875% 11/15/2028  | 51,308               | 59,158             |
| USD | 7,000                       | Sprint Corp., 7.125% 06/15/2024  | 8,116                | 9,290              |
| USD | 25,791                      | Stars Group Holdings B.V., Term Loan B, Private Placement, variable rate, 03/29/2025 | 27,954               | 33,836             |
| USD | 11,000                      | Stars Group Holdings B.V./Stars Group U.S. Co-Borrower LLC 7% 07/15/2026             | 14,671               | 14,623             |
|     | 26,165                      | Strait Crossing Development Inc., 6.17% 09/15/2031                                   | 29,558               | 28,535             |
| USD | 19,000                      | Studio City Finance Ltd., 8.5% 12/01/2020  | 23,178               | 25,101             |
| USD | 5,000                       | Summit Materials LLC/Summit Materials Finance Corp., 6.125% 07/15/2023               | 6,538                | 6,671              |
|     | 14,000                      | Sun Life Capital Trust 7.093% 06/30/2052   | 18,358               | 18,547             |
|     | 12,000                      | Sun Life Capital Trust II 5.863% 12/31/2108  | 13,166               | 12,524             |
|     | 10,000                      | Sun Life Financial Inc., 3.05% 09/19/2028  | 10,092               | 9,936              |
|     | 6,000                       | Suncor Energy Inc., 4.34% 09/13/2046   | 6,070                | 6,312              |
|     | 20,000                      | TD Capital Trust 7.243% 12/31/2049   | 20,614               | 20,494             |
|     | 9,000                       | TD Capital Trust IV 9.523% 06/30/2049  | 10,438               | 9,576              |
| USD | 6,000                       | Teck Resources Ltd., 5.4% 02/01/2043   | 7,746                | 7,079              |
| USD | 31,000                      | Teck Resources Ltd., 6% 08/15/2040   | 44,060               | 39,630             |
| USD | 11,000                      | Teine Energy Ltd., 6.875% 09/30/2022   | 12,225               | 14,605             |
|     | 1,000                       | TELUS Corp., 4.4% 01/29/2046   | 1,034                | 985                |
|     | 8,000                       | TELUS Corp., 4.75% 01/17/2045  | 8,726                | 8,312              |
|     | 15,000                      | Teranet Holdings L.P., 5.754% 12/17/2040   | 18,109               | 15,946             |
| USD | 4,000                       | TerraForm Power Operating LLC 4.25% 01/31/2023                                       | 5,126                | 5,074              |
| USD | 6,000                       | TerraForm Power Operating LLC 5% 01/31/2028  | 7,689                | 7,473              |
|     | 9,000                       | The Bank of Nova Scotia 1.83% 04/27/2022   | 8,889                | 8,671              |
|     | 9,000                       | The Bank of Nova Scotia 1.9% 12/02/2021  | 8,997                | 8,736              |
|     | 12,000                      | The Bank of Nova Scotia 2.29% 06/28/2024   | 11,999               | 11,516             |
|     | 14,000                      | The Bank of Nova Scotia 2.36% 11/08/2022   | 13,998               | 13,691             |
|     | 10,000                      | The Bank of Nova Scotia 2.98% 04/17/2023   | 9,997                | 10,012             |
|     | 15,000                      | The Bank of Nova Scotia 3.1% 02/02/2028  | 14,995               | 14,913             |
| USD | 1,000                       | The Royal Bank of Scotland Group PLC 3.655% 12/31/2049                               | 1,202                | 1,257              |
| USD | 16,000                      | The Royal Bank of Scotland Group PLC 7.5% 12/31/2049                                 | 20,405               | 21,443             |
| USD | 1,000                       | The Royal Bank of Scotland Group PLC 8% 12/31/2049                                   | 1,400                | 1,380              |
| USD | 11,000                      | The Royal Bank of Scotland Group PLC 8.625% 12/31/2049                               | 14,369               | 15,367             |
|     | 9,857                       | THP Partnership 4.394% 10/31/2046  | 10,760               | 10,541             |
| USD | 26,000                      | Tops Holding LLC/Tops Markets II Corp., 8% 06/15/2022                                | 32,103               | 18,285             |
|     | 30,000                      | Toronto-Dominion Bank 2.045% 03/08/2021  | 30,256               | 29,529             |
|     | 29,000                      | Toronto-Dominion Bank 2.563% 06/24/2020  | 30,087               | 29,018             |
|     | 10,000                      | Toronto-Dominion Bank 3.005% 05/30/2023  | 10,000               | 10,049             |
|     | 5,000                       | Toronto-Dominion Bank 3.224% 07/25/2029  | 5,000                | 4,885              |

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



# Skylon Growth & Income Trust

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

| No. of Shares/<br>Par Value             | Description   | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|---|----------------------|--------------------|
| <b>CORPORATE BONDS (15.5%) (cont'd)</b> |   |                      |                    |
| 15,000                                  | Toronto-Dominion Bank 4.859% 03/04/2031                             | 16,950               | 16,121             |
| 1,000                                   | Toyota Credit Canada Inc., 2.2% 02/25/2021                          | 1,025                | 987                |
| 9,000                                   | TransCanada PipeLines Ltd., 4.18% 07/03/2048                        | 8,997                | 8,962              |
| 10,000                                  | TransCanada PipeLines Ltd., 4.33% 09/16/2047                        | 10,166               | 10,225             |
| 29,000                                  | TransCanada Trust 4.65% 05/18/2077                                  | 29,000               | 27,773             |
| USD 10,000                              | TransCanada Trust 5.875% 08/15/2076                                 | 13,929               | 13,014             |
| USD 9,000                               | TransDigm Inc., 6.375% 06/15/2026                                   | 11,912               | 11,742             |
| USD 11,000                              | TransDigm Inc., 6.5% 05/15/2025                                     | 14,717               | 14,623             |
| USD 10,000                              | TransMontaigne Partners L.P./TLP Finance Corp., 6.125% 02/15/2026   | 12,646               | 13,277             |
| 7,853                                   | Trillium Windpower L.P., 5.803% 02/15/2033                          | 9,204                | 8,824              |
| USD 5,000                               | Trinidad Drilling Ltd., 6.625% 02/15/2025                           | 6,569                | 6,326              |
| USD 4,000                               | Tronox Finance PLC 5.75% 10/01/2025                                 | 4,947                | 5,107              |
| USD 3,000                               | Tutor Perini Corp., 6.875% 05/01/2025                               | 3,982                | 3,949              |
| USD 11,000                              | UBS Group AG 6.875% 12/31/2049                                      | 14,593               | 14,818             |
| USD 35,000                              | UBS Group AG 6.875% 12/31/2049                                      | 45,911               | 45,553             |
| USD 14,000                              | UBS Group AG 7.125% 12/31/2049                                      | 18,301               | 18,951             |
| USD 10,000                              | UBS Group AG, FRN, 7% 12/31/2049                                    | 12,551               | 13,327             |
| USD 8,000                               | Unitymedia Hessen GmbH & Co., KG/Unitymedia NRW GmbH 5% 01/15/2025  | 10,660               | 10,648             |
| USD 7,000                               | Unitymedia KabelBW GmbH 6.125% 01/15/2025                           | 7,820                | 9,478              |
| USD 29,000                              | UPCB Finance IV Ltd., 5.375% 01/15/2025                             | 35,152               | 36,220             |
| USD 18,000                              | USB Realty Corp., FRN, 3.49469% 12/29/2049                          | 18,123               | 21,444             |
| USD 992                                 | USI Inc., Term Loan B, Private Placement, variable rate, 05/16/2024 | 1,326                | 1,296              |
| USD 38,000                              | Vertiv Group Corp., 9.25% 10/15/2024                                | 48,185               | 48,954             |
| USD 3,000                               | Virgin Media Finance PLC 6.375% 04/15/2023                          | 2,993                | 3,944              |
| USD 6,000                               | Virgin Media Secured Finance PLC 5.25% 01/15/2026                   | 7,666                | 7,296              |
| USD 1,000                               | Virgin Media Secured Finance PLC 5.5% 01/15/2025                    | 1,387                | 1,287              |
| USD 9,000                               | Wells Fargo & Co., 5.875% 12/31/2049                                | 11,153               | 12,201             |
| 17,587                                  | West Edmonton Mall Property Inc., 4.056% 02/13/2024                 | 18,714               | 17,641             |
| USD 1,000                               | William Lyon Homes Inc., 5.875% 01/31/2025                          | 1,296                | 1,244              |
| USD 2,000                               | WMG Acquisition Corp., 4.875% 11/01/2024                            | 2,641                | 2,563              |
| USD 2,000                               | WMG Acquisition Corp., 5% 08/01/2023                                | 2,617                | 2,616              |
| USD 1,000                               | WMG Acquisition Corp., 5.5% 04/15/2026                              | 1,283                | 1,303              |
| 17,000                                  | WTH Car Rental ULC 2.972% 07/20/2020                                | 16,622               | 16,658             |
| USD 2,000                               | Wyndham Hotels & Resorts Inc., 5.375% 04/15/2026                    | 2,576                | 2,609              |
| USD 8,000                               | Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 5.5% 03/01/2025    | 10,081               | 10,332             |
| USD 27,000                              | XLIT Ltd., 4.80519% 12/31/2049                                      | 26,194               | 34,872             |
| USD 15,531                              | Xplornet Communications Inc., 9.625% 06/01/2022                     | 20,723               | 21,233             |
| USD 4,000                               | Yum! Brands Inc., 3.875% 11/01/2023                                 | 4,816                | 5,022              |
|   |   | <b>5,612,290</b>     | <b>5,776,477</b>   |
| <b>PROVINCIAL BONDS (6.9%)</b>          |   |                      |                    |
| 111,000                                 | Province of British Columbia 3.2% 06/18/2044                        | 116,695              | 116,969            |
| 54,000                                  | Province of British Columbia 6.35% 06/18/2031                       | 78,724               | 74,577             |
| 23,000                                  | Province of Nova Scotia 4.7% 06/01/2041                             | 29,188               | 29,175             |
| 6,000                                   | Province of Nova Scotia 6.6% 06/01/2027                             | 8,314                | 7,777              |
| 230,000                                 | Province of Ontario 2.4% 06/02/2026                                 | 232,728              | 224,179            |
| 311,000                                 | Province of Ontario 2.6% 06/02/2025                                 | 321,846              | 309,233            |
| 9,000                                   | Province of Ontario 2.6% 06/02/2027*                                | 8,871                | 8,845              |
| 286,000                                 | Province of Ontario 2.8% 06/02/2048                                 | 273,357              | 274,458            |
| 74,000                                  | Province of Ontario 2.9% 06/02/2028                                 | 73,900               | 74,279             |
| 13,000                                  | Province of Ontario 2.9% 06/02/2049*                                | 12,293               | 12,737             |
| 19,000                                  | Province of Ontario 2.9% 12/02/2046                                 | 18,886               | 18,561             |
| 345,000                                 | Province of Ontario 3.5% 06/02/2024                                 | 371,999              | 361,441            |
| 264,000                                 | Province of Quebec 2.5% 09/01/2026                                  | 265,738              | 259,652            |
| 197,000                                 | Province of Quebec 2.75% 09/01/2025                                 | 203,862              | 198,048            |
| 206,000                                 | Province of Quebec 3% 09/01/2023                                    | 213,653              | 210,661            |
| 130,000                                 | Province of Quebec 3.5% 12/01/2048                                  | 142,342              | 143,951            |
| 228,000                                 | Province of Quebec 3.75% 09/01/2024                                 | 250,039              | 242,746            |
|   |   | <b>2,622,435</b>     | <b>2,567,289</b>   |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

|   | No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|-----------------------------|--|----------------------|--------------------|
| <b>FOREIGN GOVERNMENT BONDS (4.9%)</b>  |                             |  |                      |                    |
| USD                                     | 22,000                      | United States Treasury Inflation Indexed Bonds 0.1288% 04/15/2022*       | 27,778               | 29,173             |
| USD                                     | 3,000                       | United States Treasury Inflation Indexed Bonds 0.13067% 07/15/2026*      | 3,977                | 3,948              |
| USD                                     | 3,000                       | United States Treasury Inflation Indexed Bonds 0.13216% 04/15/2021*      | 4,069                | 4,103              |
| USD                                     | 10,000                      | United States Treasury Inflation Indexed Bonds 0.38414% 07/15/2027*      | 12,558               | 13,095             |
| USD                                     | 5,000                       | United States Treasury Inflation Indexed Bonds 0.9083% 02/15/2047*       | 6,480                | 6,820              |
| USD                                     | 1,000                       | United States Treasury Inflation Indexed Bonds 1.05755% 02/15/2046*      | 1,441                | 1,431              |
| USD                                     | 1,350,000                   | United States Treasury Note/Bond 2.5% 05/31/2020                         | 1,750,709            | 1,774,084          |
|   |                             |  | <b>1,807,012</b>     | <b>1,832,654</b>   |
| <b>CANADIAN GOVERNMENT BONDS (4.1%)</b> |                             |  |                      |                    |
|   | 30,250                      | Government of Canada 1% 09/01/2022*                                      | 28,949               | 28,995             |
|   | 329,000                     | Government of Canada 1.25% 02/01/2020                                    | 325,541              | 325,731            |
|   | 189,000                     | Government of Canada 1.25% 11/01/2019                                    | 187,511              | 187,543            |
|   | 7,000                       | Government of Canada 1.5% 06/01/2026                                     | 6,689                | 6,673              |
|   | 46,000                      | Government of Canada 1.75% 03/01/2023*                                   | 45,381               | 45,354             |
|   | 674,000                     | Government of Canada 1.75% 05/01/2020                                    | 671,865              | 672,029            |
|   | 10,000                      | Government of Canada 1.75% 08/01/2020                                    | 9,961                | 9,960              |
|   | 33,000                      | Government of Canada 2.75% 12/01/2048*                                   | 35,919               | 36,976             |
|   | 162,000                     | Government of Canada 2.75% 12/01/2064*                                   | 184,952              | 189,401            |
|   | 13,000                      | Government of Canada 3.75% 06/01/2019                                    | 13,252               | 13,235             |
|   |                             |  | <b>1,510,020</b>     | <b>1,515,897</b>   |
| <b>PREFERRED SHARES (3.4%)</b>          |                             |  |                      |                    |
|   | 450                         | AltaGas Ltd., Preferred 4.75%, Series G                                  | 10,400               | 10,552             |
|   | 525                         | AltaGas Ltd., Preferred 5%, Series K                                     | 13,338               | 13,151             |
|   | 1,000                       | Bank of Montreal, Non-Cumulative Preferred                               | 21,402               | 23,110             |
|   | 450                         | Bank of Montreal, Preferred 4.4%, Series 42                              | 11,250               | 11,223             |
|   | 875                         | Bank of Montreal, Preferred 4.5%, Series 40                              | 21,875               | 22,059             |
|   | 200                         | Bank of Montreal, Preferred 4.85%, Series 38                             | 5,085                | 5,244              |
|   | 200                         | Bank of Montreal, Preferred 5%, Series 35                                | 5,141                | 5,046              |
|   | 200                         | BCE Inc., Preferred 5.45%, Series AA                                     | 3,392                | 3,908              |
|   | 75                          | BCE Inc., Preferred 5.54%, Series AC*                                    | 1,308                | 1,582              |
|   | 1,000                       | BCE Inc., Preferred, Series AE   | 16,945               | 20,620             |
|   | 875                         | BCE Inc., Preferred, Series AJ   | 14,748               | 18,016             |
|   | 1,050                       | Brookfield Asset Management Inc., Preferred 4.75%, Series 17             | 24,118               | 22,228             |
|   | 1,050                       | Brookfield Asset Management Inc., Preferred 4.8%, Series 46              | 26,833               | 27,206             |
|   | 1,100                       | Brookfield Asset Management Inc., Preferred, Series 2                    | 13,668               | 18,766             |
|   | 450                         | Brookfield Office Properties Inc., Preferred 5.1%, Series EE             | 11,365               | 11,205             |
|   | 300                         | Brookfield Office Properties Inc., Preferred 5.1%, Series R              | 6,562                | 6,507              |
|   | 1,350                       | Brookfield Office Properties Inc., Preferred 5.15%, Series P             | 27,377               | 27,202             |
|   | 250                         | Brookfield Office Properties Inc., Preferred 6%, Series CC               | 6,682                | 6,452              |
|   | 400                         | Brookfield Renewable Power Preferred Equity Inc., Preferred 5%, Series 6 | 8,762                | 8,784              |
|   | 1,250                       | Canadian Imperial Bank of Commerce, Preferred 4.4%, Series 45            | 31,254               | 31,175             |
|   | 50                          | Canadian Utilities Ltd., Preferred 4.5%, Series FF                       | 1,311                | 1,299              |
|   | 1,175                       | Canadian Utilities Ltd., Preferred 4.9%, Series BB                       | 28,176               | 26,990             |
|   | 200                         | Canadian Utilities Ltd., Preferred 5.25%, Series EE                      | 5,095                | 4,910              |
|   | 400                         | Capital Power Corp., Preferred 4.5%, Series 5                            | 7,862                | 8,880              |
|   | 100                         | Capital Power Corp., Preferred 4.6%, Series 3                            | 2,010                | 2,245              |
|   | 700                         | Capital Power Corp., Preferred 5.75%, Series 9                           | 17,500               | 17,759             |
|   | 500                         | Capital Power Corp., Preferred 6%, Series 7                              | 12,961               | 12,900             |
|   | 1,200                       | Citigroup Capital XIII, Preferred 7.875%                                 | 42,301               | 42,749             |
|   | 575                         | Citigroup Inc., Preferred 6.875%, Series K                               | 15,814               | 20,756             |
|   | 350                         | CU Inc., Preferred 4.6%, Series 1  | 7,877                | 7,555              |
|   | 250                         | E-L Financial Corp., Ltd., Preferred 4.75%, Series 2                     | 5,801                | 5,550              |
|   | 350                         | E-L Financial Corp., Ltd., Preferred 5.3%, Series 1                      | 8,745                | 8,484              |
|   | 400                         | Enbridge Inc., Cumulative Redeemable Preferred, Series L                 | 12,281               | 11,789             |
|   | 475                         | Enbridge Inc., Preferred 4%, Series 1                                    | 15,154               | 14,892             |
|   | 875                         | Enbridge Inc., Preferred 4%, Series 3                                    | 16,872               | 17,019             |
|   | 500                         | Enbridge Inc., Preferred 4%, Series F                                    | 9,954                | 10,000             |

\*Denotes all or part of securities on loan.

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

# Skylon Growth & Income Trust

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

| No. of Shares/<br>Par Value             | Description   | Average<br>Cost (\$) | Fair<br>Value (\$) |
|---|---|----------------------|--------------------|
| <b>PREFERRED SHARES (3.4%) (cont'd)</b> |   |                      |                    |
| 300                                     | Enbridge Inc., Preferred 4%, Series N                                     | 6,324                | 6,150              |
| 50                                      | Enbridge Inc., Preferred 4.4%, Series 11                                  | 1,025                | 1,015              |
| 200                                     | Enbridge Inc., Preferred 4.4%, Series 5                                   | 6,090                | 5,889              |
| 600                                     | Enbridge Inc., Preferred 5.15%, Series 17                                 | 15,000               | 15,216             |
| 325                                     | Fortis Inc., Preferred 4.9%   | 7,720                | 7,459              |
| 875                                     | George Weston Ltd., Preferred 5.8%, Series 1                              | 22,667               | 22,374             |
| 300                                     | GMAC Capital Trust, Preferred 8.125%, Series 2                            | 8,057                | 10,372             |
| 400                                     | Great-West Lifeco Inc., Preferred 4.5%, Series I                          | 8,874                | 8,628              |
| 1,550                                   | Great-West Lifeco Inc., Preferred 5.15%, Series T                         | 38,750               | 37,200             |
| 300                                     | Great-West Lifeco Inc., Preferred 5.25%, Series S                         | 7,592                | 7,356              |
| 500                                     | Industrial Alliance Insurance and Financial Services Inc., Preferred 4.6% | 11,332               | 11,060             |
| 500                                     | Intact Financial Corp., Preferred 5.2%, Series 5                          | 12,500               | 12,150             |
| 1,400                                   | Kinder Morgan Canada Ltd., Preferred 5.25%, Series 1                      | 35,000               | 34,916             |
| 350                                     | Loblaw Co., Ltd., Preferred 5.3%, Series B                                | 8,916                | 8,768              |
| 875                                     | Manulife Financial Corp., Preferred 4.65%, Series 2, Class A              | 20,086               | 19,250             |
| 200                                     | Manulife Financial Corp., Preferred, Series 3, Class A                    | 4,411                | 4,270              |
| 1,800                                   | Morgan Stanley, Preferred 6.875%  | 47,887               | 64,786             |
| 300                                     | National Bank of Canada, Preferred 3.9%, Series 32                        | 6,459                | 6,897              |
| 950                                     | National Bank of Canada, Preferred 4.45%, Series 38                       | 23,750               | 23,760             |
| 500                                     | National Bank of Canada, Preferred 4.95%, Series 42                       | 12,500               | 12,495             |
| 450                                     | National Bank of Canada, Preferred 5.4%, Series 36                        | 11,685               | 11,786             |
| 100                                     | National Bank of Canada, Preferred 5.6%, Series 34                        | 2,646                | 2,635              |
| 1,967                                   | NuStar Energy L.P., Preferred 7.625%, Series B                            | 63,249               | 53,240             |
| 400                                     | Power Corporation of Canada, Non-Cumulative Preferred 5.6%                | 10,370               | 10,048             |
| 300                                     | Power Corporation of Canada, Preferred 5%, Series D                       | 7,276                | 6,894              |
| 100                                     | Power Corporation of Canada, Preferred 5.6%                               | 2,562                | 2,505              |
| 400                                     | Power Financial Corp., Preferred 4.8%, Series S                           | 9,442                | 8,952              |
| 225                                     | Power Financial Corp., Preferred 4.95%, Series K                          | 5,435                | 5,114              |
| 400                                     | Power Financial Corp., Preferred 5.1%, Series L                           | 9,966                | 9,476              |
| 1,750                                   | Power Financial Corp., Preferred 5.15%, Series V                          | 43,750               | 41,528             |
| 400                                     | Power Financial Corp., Preferred 5.5%, Series R                           | 10,346               | 10,060             |
| 50                                      | Royal Bank of Canada, Preferred 3.6%, Series BD                           | 1,159                | 1,216              |
| 500                                     | Royal Bank of Canada, Preferred 3.9%, Series BB                           | 11,030               | 11,760             |
| 600                                     | Royal Bank of Canada, Preferred 5.25%, Series BJ                          | 15,573               | 15,234             |
| 425                                     | Royal Bank of Canada, Preferred 5.5%, Series BK                           | 11,218               | 11,241             |
| 200                                     | Sempra Energy, Preferred 6%, Series A                                     | 24,936               | 27,135             |
| 400                                     | Sun Life Financial Inc., Preferred 3.9%, Series 10R                       | 7,902                | 8,576              |
| 200                                     | Sun Life Financial Inc., Preferred 4.25%, Series 12R                      | 4,551                | 4,834              |
| 825                                     | Sun Life Financial Inc., Preferred 4.45%, Series 4                        | 18,459               | 17,902             |
| 975                                     | Sun Life Financial Inc., Preferred 4.75%, Series 1, Class A               | 22,869               | 22,132             |
| 300                                     | Sun Life Financial Inc., Preferred 4.8%, Series 2                         | 7,112                | 6,855              |
| 50                                      | Sun Life Financial Inc., Preferred, Series 8R, Class A                    | 818                  | 976                |
| 875                                     | The Bank of Nova Scotia, Preferred 1.528%, Series 31                      | 19,153               | 20,781             |
| 700                                     | The Bank of Nova Scotia, Preferred 3.7%, Series 32                        | 15,662               | 16,247             |
| 650                                     | The Bank of Nova Scotia, Preferred 3.85%, Series 30                       | 14,703               | 15,282             |
| 700                                     | The Bank of Nova Scotia, Preferred 4.85%, Series 38                       | 18,012               | 18,158             |
| 600                                     | Toronto-Dominion Bank, Preferred 4.75%, Series 18                         | 15,000               | 15,120             |
| 350                                     | Toronto-Dominion Bank, Preferred, Series 3                                | 7,663                | 8,197              |
| 500                                     | TransAlta Corp., Preferred 5%, Series E                                   | 9,985                | 10,430             |
| 200                                     | TransAlta Corp., Preferred, Series C                                      | 3,578                | 3,566              |
| 800                                     | TransCanada Corp., Preferred 4.9%, Series 15                              | 20,708               | 20,488             |
| 200                                     | TransCanada Corp., Preferred Perpetual 4.4%, Series 5                     | 3,161                | 3,534              |
| 225                                     | Westcoast Energy Inc., Preferred 5.2%, Series 12                          | 5,775                | 5,774              |
|   |   | <b>1,231,913</b>     | <b>1,255,500</b>   |

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

# Skylon Growth & Income Trust

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

| No. of Shares/<br>Par Value | Description  | Average<br>Cost (\$) | Fair<br>Value (\$) |
|-----------------------------|--|----------------------|--------------------|
|                             | <b>EXCHANGE-TRADED FUND(S) (0.3%)</b>                                    |                      |                    |
| 1,000                       | SPDR S&P Biotech ETF*  | 114,351              | 125,131            |
|                             | <b>REAL ESTATE INVESTMENT TRUSTS (0.1%)</b>                              |                      |                    |
| 16                          | Sovereign REIT, Preferred 12%, Series 144A                               | 21,450               | 26,343             |
|                             | <b>WARRANTS (0.0%)</b>   |                      |                    |
| 625                         | 2500053 Ontario Inc., Class B, Warrants (25Sep18)                        | -                    | -                  |
| 125                         | 2500053 Ontario Inc., Warrants (25Sep18)                                 | -                    | -                  |
| 100                         | Canadian International Oil Corp., Warrants (31Dec49)                     | -                    | 60                 |
| 155                         | Xplornet Communications Inc., 144A, Warrants (20Dec18)                   | 276                  | 14,725             |
| 3                           | Xplornet Communications Inc., Warrants (20Dec18)                         | -                    | 114                |
|                             |  | 276                  | 14,899             |
|                             | <b>FUND(S) (0.0%)</b>  |                      |                    |
| 6                           | Signature Cash Management Fund (Class C) <sup>†</sup>                    | 62                   | 62                 |
|                             | <b>Commissions and Other Portfolio Transaction Costs</b>                 | (19,671)             |                    |
|                             | <b>Total Investment Portfolio before Derivatives Instruments (94.9%)</b> | 31,600,539           | 35,337,658         |
|                             | <b>Foreign Currency Forward Contracts (-0.3%)<br/>(see Schedule A)</b>   |                      | (102,707)          |
|                             | <b>Long Option Contracts (0.0%)<br/>(see Schedule B)</b>                 | 592                  | 504                |
|                             | <b>Short Option Contracts (0.0%)<br/>(see Schedule C)</b>                | (690)                | (237)              |
|                             | <b>Total Investments Portfolio (94.6%)</b>                               | <u>31,600,441</u>    | 35,235,218         |
|                             | <b>Other Net Assets (Liabilities) (5.4%)</b>                             |                      | 2,008,432          |
|                             | <b>Net Assets Attributable to Holders of Redeemable Units (100.0%)</b>   |                      | <u>37,243,650</u>  |

**Principal amounts stated in:**

GBP British Pound  
 EUR European Currency  
 USD U.S. Dollar

\*Denotes all or part of securities on loan.

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

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

# Skylon Growth & Income Trust

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

## Schedule A

### Foreign Currency Forward Contracts (-0.3%)

| Contracts   | Counterparty                       | Credit Rating of the Counterparty <sup>†</sup> | Settlement Date | Contracts Rate | Pay                         | Receive              | Unrealized Gain (Loss) (\$) |
|---|------------------------------------|--|-----------------|----------------|-----------------------------|----------------------|-----------------------------|
| 1   | Bank of Montreal                   | A-1  | 20-Sep-18       | 1.34           | (221,000) Swiss Franc       | 296,736 Canadian \$  | 1,608                       |
| 1   | Bank of Montreal                   | A-1  | 24-Aug-18       | 0.78           | (275,117) US \$             | 354,266 Canadian \$  | (7,003)                     |
| 1   | Bank of Montreal                   | A-1  | 24-Sep-18       | 0.77           | (79,412) US \$              | 102,536 Canadian \$  | (1,686)                     |
| 1   | Canadian Imperial Bank of Commerce | A-1  | 24-Jul-18       | 0.79           | (118,899) US \$             | 149,735 Canadian \$  | (6,481)                     |
| 1   | Canadian Imperial Bank of Commerce | A-1  | 24-Aug-18       | 0.78           | (137,558) US \$             | 175,460 Canadian \$  | (5,169)                     |
| 1   | Canadian Imperial Bank of Commerce | A-1  | 24-Jul-18       | 0.77           | (64,893) US \$              | 83,742 Canadian \$   | (1,520)                     |
| 1   | Citigroup Inc.                     | A-2  | 20-Sep-18       | 1.76           | (266,000) British Pound     | 467,383 Canadian \$  | 4,805                       |
| 1   | Citigroup Inc.                     | A-2  | 20-Sep-18       | 1.74           | (83,675) Canadian \$        | 48,000 British Pound | (205)                       |
| 1   | Citigroup Inc.                     | A-2  | 24-Jul-18       | 0.78           | (105,305) US \$             | 135,826 Canadian \$  | (2,533)                     |
| 1   | Citigroup Inc.                     | A-2  | 24-Jul-18       | 0.80           | (105,439) US \$             | 132,413 Canadian \$  | (6,118)                     |
| 1   | Citigroup Inc.                     | A-2  | 24-Sep-18       | 0.77           | (116,783) US \$             | 150,766 Canadian \$  | (2,503)                     |
| 1   | HSBC Holdings PLC                  | A-1  | 20-Sep-18       | 1.55           | (22,000) Euro               | 34,126 Canadian \$   | 190                         |
| 1   | HSBC Holdings PLC                  | A-1  | 24-Aug-18       | 0.78           | (111,518) US \$             | 142,342 Canadian \$  | (4,094)                     |
| 1   | HSBC Holdings PLC                  | A-1  | 24-Sep-18       | 0.77           | (145,979) US \$             | 189,087 Canadian \$  | (2,502)                     |
| 1   | HSBC Holdings PLC                  | A-1  | 24-Jul-18       | 0.79           | (179,246) US \$             | 226,027 Canadian \$  | (9,476)                     |
| 1   | JPMorgan Chase & Co.               | A-2  | 24-Jul-18       | 0.77           | (62,291) Canadian \$        | 47,812 US \$         | 529                         |
| 1   | JPMorgan Chase & Co.               | A-2  | 20-Sep-18       | 0.17           | (36,000) Hong Kong Dollars  | 6,102 Canadian \$    | 69                          |
| 1   | JPMorgan Chase & Co.               | A-2  | 20-Sep-18       | 0.01           | (40,253,000) Japanese Yen   | 488,795 Canadian \$  | 8,597                       |
| 1   | JPMorgan Chase & Co.               | A-2  | 24-Jul-18       | 0.79           | (118,222) US \$             | 148,789 Canadian \$  | (6,537)                     |
| 1   | JPMorgan Chase & Co.               | A-2  | 24-Jul-18       | 0.78           | (202,936) US \$             | 259,007 Canadian \$  | (7,625)                     |
| 1   | JPMorgan Chase & Co.               | A-2  | 24-Aug-18       | 0.77           | (275,117) US \$             | 355,561 Canadian \$  | (5,711)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.77           | (41,074) Canadian \$        | 31,645 US \$         | 504                         |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.77           | (113,561) US \$             | 146,687 Canadian \$  | (2,520)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.77           | (113,563) US \$             | 146,599 Canadian \$  | (2,610)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.78           | (202,936) US \$             | 258,964 Canadian \$  | (7,669)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Aug-18       | 0.77           | (275,117) US \$             | 355,468 Canadian \$  | (5,805)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.78           | (97,339) US \$              | 125,576 Canadian \$  | (2,317)                     |
| 1   | Morgan Stanley                     | A-2  | 24-Jul-18       | 0.77           | (97,339) US \$              | 125,652 Canadian \$  | (2,241)                     |
| 1   | Royal Bank of Canada               | A-1+   | 20-Sep-18       | 1.55           | (133,088) Euro              | 205,790 Canadian \$  | 494                         |
| 1   | Royal Bank of Canada               | A-1+   | 20-Sep-18       | 1.56           | (20,000) Euro               | 31,173 Canadian \$   | 320                         |
| 1   | Royal Bank of Canada               | A-1+   | 20-Sep-18       | 0.17           | (228,000) Hong Kong Dollars | 38,566 Canadian \$   | 361                         |
| 1   | Royal Bank of Canada               | A-1+   | 20-Sep-18       | 1.34           | (14,000) Swiss Franc        | 18,744 Canadian \$   | 49                          |
| 1   | Royal Bank of Canada               | A-1+   | 24-Sep-18       | 0.77           | (148,249) US \$             | 192,049 Canadian \$  | (2,519)                     |
| 1   | Royal Bank of Canada               | A-1+   | 24-Jul-18       | 0.79           | (52,720) US \$              | 66,447 Canadian \$   | (2,820)                     |
| 1   | Royal Bank of Canada               | A-1+   | 24-Jul-18       | 0.79           | (79,290) US \$              | 100,002 Canadian \$  | (4,173)                     |
| 1   | The Bank of Nova Scotia            | A-1  | 24-Jul-18       | 0.77           | (83,057) Canadian \$        | 63,750 US \$         | 705                         |
| 1   | The Bank of Nova Scotia            | A-1  | 24-Sep-18       | 0.77           | (116,783) US \$             | 150,779 Canadian \$  | (2,490)                     |
| 1   | The Bank of Nova Scotia            | A-1  | 24-Aug-18       | 0.78           | (137,558) US \$             | 176,536 Canadian \$  | (4,096)                     |
| 1   | The Bank of Nova Scotia            | A-1  | 24-Jul-18       | 0.78           | (152,202) US \$             | 194,237 Canadian \$  | (5,737)                     |
| 1   | Toronto-Dominion Bank              | A-1+   | 20-Sep-18       | 1.55           | (141,912) Euro              | 219,436 Canadian \$  | 529                         |
| 1   | Toronto-Dominion Bank              | A-1+   | 24-Aug-18       | 0.78           | (137,558) US \$             | 175,432 Canadian \$  | (5,197)                     |
| 1   | Toronto-Dominion Bank              | A-1+   | 24-Sep-18       | 0.77           | (145,978) US \$             | 189,479 Canadian \$  | (2,110)                     |
| <b>Total Foreign Currency Forward Contracts Value</b> |                                    |  |                 |                |                             |                      | <b>(102,707)</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. Percentages shown in brackets relate investments at fair value to net assets attributable to holders of redeemable units of the Trust.

# Skylon Growth & Income Trust

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

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## Schedule B

### Long Option Contracts (0.0%)

| Contracts                                | Underlying Interest          | Expiry Date | Strike Price (\$) | Currency | Premium Paid<br>(Received) (\$) | Fair<br>Value (\$) |
|--|------------------------------|-------------|-------------------|----------|---------------------------------|--------------------|
| 3  | Centene Corp. Flex Put @ 119 | 20-Jul-18   | 119.00            | US \$    | 592                             | 504                |
| <b>Total Long Option Contracts Value</b> |                              |             |                   |          | <b>592</b>                      | <b>504</b>         |

## Schedule C

### Short Option Contracts (0.0%)

| Contracts                                 | Underlying Interest      | Expiry Date | Strike Price (\$) | Currency | Premium Paid<br>(Received) (\$) | Fair<br>Value (\$) |
|---|--------------------------|-------------|-------------------|----------|---------------------------------|--------------------|
| (3)                                       | Centene Corp. Call @ 130 | 20-Jul-18   | 130.00            | US \$    | (690)                           | (237)              |
| <b>Total Short Option Contracts Value</b> |                          |             |                   |          | <b>(690)</b>                    | <b>(237)</b>       |

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

# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Offsetting of Financial Instruments (Note 2)

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

as at June 30, 2018

|   | Gross Assets/<br>(Liabilities)<br>(in \$000's) | Amounts Eligible for Offset              |   | Net<br>Exposure<br>(in \$000's) |
|---|--|--|---|---------------------------------|
|   |  | Financial<br>Instruments<br>(in \$000's) | Collateral<br>Received/(Paid)<br>(in \$000's) |                                 |
| Derivative assets - Foreign currency forward contracts      | 18   | (18)                                     | -   | -                               |
| Derivative assets - Swaps and swaptions                     | -  | -  | -   | -                               |
| <b>Total</b>  | 18   | (18)                                     | -   | -                               |
| Derivative liabilities - Foreign currency forward contracts | (121)  | 18                                       | -   | (103)                           |
| Derivative liabilities - Swaps and swaptions                | -  | -  | -   | -                               |
| <b>Total</b>  | (121)  | 18                                       | -   | (103)                           |

as at December 31, 2017

|   | Gross Assets/<br>(Liabilities)<br>(in \$000's) | Amounts Eligible for Offset              |   | Net<br>Exposure<br>(in \$000's) |
|---|--|--|---|---------------------------------|
|   |  | Financial<br>Instruments<br>(in \$000's) | Collateral<br>Received/(Paid)<br>(in \$000's) |                                 |
| Derivative assets - Foreign currency forward contracts      | 91   | (8)                                      | -   | 83                              |
| Derivative assets - Swaps and swaptions                     | -  | -  | -   | -                               |
| <b>Total</b>  | 91   | (8)                                      | -   | 83                              |
| Derivative liabilities - Foreign currency forward contracts | (8)  | 8  | -   | -                               |
| Derivative liabilities - Swaps and swaptions                | -  | -  | -   | -                               |
| <b>Total</b>  | (8)  | 8  | -   | -                               |

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

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

as at June 30, 2018

| Non-Consolidated Structured Entities     | Fair Value of<br>the Underlying Fund(s) / ETFs<br>(in \$000's) | Fair Value of the Trust's Investment<br>in the Underlying Fund(s) / ETFs<br>(in \$000's) | Ownership in the<br>Underlying Fund(s) / ETFs<br>(%) |
|--|--|--|--|
| SPDR S&P Biotech ETF                     | 6,887,773  | 125  | -  |
| Signature Cash Management Fund (Class C) | 2  | -  | -  |

as at December 31, 2017

| Non-Consolidated Structured Entities     | Fair Value of<br>the Underlying Fund(s) / ETFs<br>(in \$000's) | Fair Value of the Trust's Investment<br>in the Underlying Fund(s) / ETFs<br>(in \$000's) | Ownership in the<br>Underlying Fund(s) / ETFs<br>(%) |
|--|--|--|--|
| SPDR Gold Trust                          | 43,991,727   | 839  | -  |
| Signature Cash Management Fund (Class C) | 4,309  | -  | -  |

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

# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Commissions (Note 2)

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

|                                      | 2018 | 2017 |
|--------------------------------------|------|------|
| Brokerage commissions                | 16   | 14   |
| Soft dollar commissions <sup>†</sup> | 2    | 2    |

## Redeemable Unit Transactions (Note 4)

for the periods ended June 30

|  | 2018      | 2017      |
|--|-----------|-----------|
| <b>Class A</b>   |           |           |
| <b>Number of redeemable units at the beginning of period</b> | 4,635,727 | 5,009,863 |
| Redeemable units issued for cash                             | -         | -         |
| Redeemable units issued for reinvested distributions         | 12,080    | 12,113    |
| Redeemable units redeemed                                    | -         | -         |
| Redeemable units purchased for cancellation (Note 6)         | -         | -         |
| <b>Number of redeemable units at the end of period</b>       | 4,647,807 | 5,021,976 |

## Securities Lending (Note 7)

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

|                       | 2018  | 2017  |
|-----------------------|-------|-------|
| Loaned                | 1,525 | 2,225 |
| Collateral (non-cash) | 1,556 | 2,336 |

## Securities Lending Revenue Reconciliation (Note 7)

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

|  | 2018 | 2017 |
|--|------|------|
| Gross securities lending revenue             | 4    | 5    |
| Charges                                      | -    | (1)  |
| Securities lending revenue                   | 4    | 4    |
| <b>% of gross securities lending revenue</b> | -    | 20.0 |

## Related Party Investments (Note 10)

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

| Investments                              | 2018 |
|--|------|
| Signature Cash Management Fund (Class C) | -    |

  

| Investments                              | 2017 |
|--|------|
| Signature Cash Management Fund (Class C) | -    |

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



# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Financial Instruments Risks (Note 11)

### Concentration Risk

For Concentration Risk as at June 30, 2018, refer to the Schedule of Investment Portfolio.

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

as at December 31, 2017

| <b>Categories</b>                  | <b>Net Assets (%)</b> |
|------------------------------------|-----------------------|
| Common Equities                    | 70.4                  |
| Corporate Bonds                    | 16.7                  |
| Provincial Bonds                   | 8.2                   |
| Preferred Shares                   | 3.7                   |
| Exchange-Traded Fund(s)            | 2.2                   |
| Canadian Government Bonds          | 1.0                   |
| Warrants                           | 1.0                   |
| Foreign Government Bonds           | 0.9                   |
| Short-Term Investments             | 0.9                   |
| Foreign Currency Forward Contracts | 0.2                   |
| REITS                              | 0.1                   |
| Fund(s)                            | 0.0                   |
| Other Net Assets (Liabilities)     | (5.3)                 |

During the six-month period ended June 30, 2018, the Trust's credit risk, other price risk, currency risk and fair value hierarchy exposure changed significantly as disclosed in the section below. For details relating to interest rate risk, refer to the audited annual financial statements as at December 31, 2017, as the Trust's exposure to interest rate risk remains unchanged.

### Credit Risk

The Trust 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, 2018

| <b>Credit Rating<sup>A*</sup></b> | <b>Net Assets (%)</b> |
|-----------------------------------|-----------------------|
| AAA/Aaa/A++                       | 9.6                   |
| AA/Aa/A+                          | 3.6                   |
| A                                 | 6.5                   |
| BBB/Baa/B++                       | 5.8                   |
| BB/Ba/B+                          | 4.7                   |
| B                                 | 3.3                   |
| CCC/Caa/C++                       | 0.9                   |
| CC/Ca/C+                          | 0.1                   |
| Not Rated                         | 0.4                   |
| <b>Total</b>                      | <b>34.9</b>           |

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

# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Credit Risk (cont'd)

as at December 31, 2017

| Credit Rating <sup>A*</sup> | Net Assets (%) |
|-----------------------------|----------------|
| AAA/Aaa/A++                 | 2.8            |
| AA/Aa/A+                    | 3.9            |
| A                           | 7.7            |
| BBB/Baa/B++                 | 6.3            |
| BB/Ba/B+                    | 5.3            |
| B                           | 3.3            |
| CCC/Caa/C++                 | 1.3            |
| CC/Ca/C+                    | 0.1            |
| Not Rated                   | 0.9            |
| <b>Total</b>                | <b>31.6</b>    |

<sup>A</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.

\*Refer to Note 11 for Credit Rating Chart reference.

## Other Price Risk

As at June 30, 2018 and December 31, 2017, the Trust was exposed to other price risk as its holdings were sensitive to changes in general economic conditions across the world. The Trust's portfolio consisted of international stocks and fixed income securities, thus an overall downturn in economic conditions across the world could have led to a widening in credit spreads and a decrease in equity prices which could have then led to a decrease in the value of the Trust's holdings.

As at June 30, 2018, had the equities in the investment portfolio increased or decreased by 10% (December 31, 2017 - 10%), with all other variables held constant, net assets attributable to holders of redeemable units of the Trust would have increased or decreased, respectively, by approximately \$2,365,000 (December 31, 2017 - \$2,961,000). In practice, actual results may differ from this analysis and the difference may be material.

## Currency Risk

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

as at June 30, 2018<sup>~</sup>

| Currency         | Financial Instruments Exposure<br>(in \$000's) | Derivatives<br>(in \$000's) | Net Exposure<br>(in \$000's) | Net Assets (%)<br>(%) |
|------------------|--|-----------------------------|------------------------------|-----------------------|
| U.S. Dollar      | 11,987   | (4,947)                     | 7,040                        | 18.9                  |
| British Pound    | 878  | (378)                       | 500                          | 1.3                   |
| Euro             | 966  | (487)                       | 479                          | 1.3                   |
| Korean Won       | 479  | -                           | 479                          | 1.3                   |
| Japanese Yen     | 956  | (478)                       | 478                          | 1.3                   |
| Swedish Krona    | 380  | -                           | 380                          | 1.0                   |
| Swiss Franc      | 632  | (312)                       | 320                          | 0.9                   |
| Danish Krone     | 95   | -                           | 95                           | 0.3                   |
| Indian Rupee     | 85   | -                           | 85                           | 0.2                   |
| Hong Kong Dollar | 89   | (44)                        | 45                           | 0.1                   |
| Chinese Renminbi | 1  | -                           | 1                            | -                     |
| <b>Total</b>     | <b>16,548</b>                                  | <b>(6,646)</b>              | <b>9,902</b>                 | <b>26.6</b>           |

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

# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Currency Risk (cont'd)

as at December 31, 2017~

| Currency          | Financial Instruments Exposure<br>(in \$000's) | Derivatives<br>(in \$000's) | Net Exposure<br>(in \$000's) | Net Assets (%)<br>(%) |
|-------------------|--|-----------------------------|------------------------------|-----------------------|
| U.S. Dollar       | 14,533   | (5,604)                     | 8,929                        | 23.4                  |
| British Pound     | 1,379  | (692)                       | 687                          | 1.8                   |
| Korean Won        | 630  | -                           | 630                          | 1.6                   |
| Japanese Yen      | 1,120  | (536)                       | 584                          | 1.5                   |
| Euro              | 1,095  | (541)                       | 554                          | 1.4                   |
| Swedish Krona     | 457  | -                           | 457                          | 1.2                   |
| Swiss Franc       | 710  | (351)                       | 359                          | 0.9                   |
| Singapore Dollar  | 303  | (148)                       | 155                          | 0.4                   |
| Indian Rupee      | 144  | -                           | 144                          | 0.4                   |
| Indonesian Rupiah | 84   | -                           | 84                           | 0.2                   |
| Danish Krone      | 73   | -                           | 73                           | 0.2                   |
| Hong Kong Dollar  | 85   | (42)                        | 43                           | 0.1                   |
| <b>Total</b>      | <b>20,613</b>                                  | <b>(7,914)</b>              | <b>12,699</b>                | <b>33.1</b>           |

~Includes monetary and non-monetary instruments.

As at June 30, 2018, had the Canadian dollar strengthened or weakened by 10% (December 31, 2017 - 10%) in relation to all other foreign currencies held in the Trust, with all other variables held constant, net assets attributable to holders of redeemable units of the Trust would have decreased or increased, respectively, by approximately \$990,000 (December 31, 2017 - \$1,270,000). In practice, the actual results may differ from this analysis and the difference may be material.

## Fair Value Hierarchy

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

Long Positions at fair value as at June 30, 2018

|   | Level 1<br>(in \$000's) | Level 2<br>(in \$000's) | Level 3<br>(in \$000's) | Total<br>(in \$000's) |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| Equities                                | 23,468                  | 26                      | 11                      | 23,505                |
| Bonds                                   | -                       | 11,621                  | 72                      | 11,693                |
| Exchange-traded Fund(s)                 | 125                     | -                       | -                       | 125                   |
| Fund(s)                                 | -                       | -                       | -                       | -                     |
| Warrants                                | -                       | -                       | 15                      | 15                    |
| Foreign currency forward contracts, net | -                       | (103)                   | -                       | (103)                 |
| Options                                 | -                       | 1                       | -                       | 1                     |
| <b>Total</b>                            | <b>23,593</b>           | <b>11,545</b>           | <b>98</b>               | <b>35,236</b>         |

Long Positions at fair value as at December 31, 2017

|   | Level 1<br>(in \$000's) | Level 2<br>(in \$000's) | Level 3<br>(in \$000's) | Total<br>(in \$000's) |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| Equities                                | 28,183                  | 221                     | -                       | 28,404                |
| Bonds                                   | -                       | 10,214                  | -                       | 10,214                |
| Exchange-traded Fund(s)                 | 839                     | -                       | -                       | 839                   |
| Fund(s)                                 | -                       | -                       | -                       | -                     |
| Short-term investments                  | -                       | 351                     | -                       | 351                   |
| Warrants                                | 355                     | -                       | 15                      | 370                   |
| Foreign currency forward contracts, net | -                       | 83                      | -                       | 83                    |
| <b>Total</b>                            | <b>29,377</b>           | <b>10,869</b>           | <b>15</b>               | <b>40,261</b>         |

There were no transfers between Level 1 and Level 2 and Level 1 and Level 3 during the period ended June 30, 2018 and the year ended December 31, 2017.

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

# Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements (unaudited)

## Level 3 Reconciliation

The tables below summarize the movement in Level 3 financial instruments at fair value using unobservable inputs.

for the period ended June 30, 2018

|                               | Balance at<br>Dec. 31, 2017<br>(in \$000's) | Purchases<br>(in \$000's) | Sales<br>(in \$000's) | Transfers<br>In<br>(in \$000's) | Transfers<br>(Out)<br>(in \$000's) | Realized Gain<br>(Loss)<br>(in \$000's) | Unrealized Gain<br>(Loss)*<br>(in \$000's) | Balance at<br>Jun. 30, 2018<br>(in \$000's) |
|-------------------------------|---|---------------------------|-----------------------|---------------------------------|------------------------------------|---|--|---|
| <b>Long Positions/Assets:</b> |   |                           |                       |                                 |                                    |   |  |   |
| Equities                      | -   | 8                         | -                     | 3                               | -                                  | -                                       | -  | 11  |
| Bonds                         | -   | 36                        | -                     | 36                              | -                                  | -                                       | -  | 72  |
| Warrants                      | 15  | -                         | -                     | -                               | -                                  | -                                       | -  | 15  |
| <b>Total</b>                  | <b>15</b>                                   | <b>44</b>                 | <b>-</b>              | <b>39</b>                       | <b>-</b>                           | <b>-</b>                                | <b>-</b>                                   | <b>98</b>                                   |

\*Change in unrealized gain (loss) related to investments held at June 30, 2018 was \$954.

During the period ended June 30, 2018, investments with a fair value of \$39,000 were transferred out of Level 2 into Level 3 as observable market inputs were no longer available for these investments.

for the year ended December 31, 2017

|                               | Balance at<br>Dec. 31, 2016<br>(in \$000's) | Purchases<br>(in \$000's) | Sales<br>(in \$000's) | Transfers<br>In<br>(in \$000's) | Transfers<br>(Out)<br>(in \$000's) | Realized Gain<br>(Loss)<br>(in \$000's) | Unrealized Gain<br>(Loss)**<br>(in \$000's) | Balance at<br>Dec. 31, 2017<br>(in \$000's) |
|-------------------------------|---|---------------------------|-----------------------|---------------------------------|------------------------------------|---|---|---|
| <b>Long Positions/Assets:</b> |   |                           |                       |                                 |                                    |   |   |   |
| Bonds                         | 79  | -                         | (2)                   | -                               | (81)                               | -                                       | 4   | -   |
| Warrants                      | 12  | -                         | -                     | -                               | -                                  | -                                       | 3   | 15  |
| <b>Total</b>                  | <b>91</b>                                   | <b>-</b>                  | <b>(2)</b>            | <b>-</b>                        | <b>(81)</b>                        | <b>-</b>                                | <b>7</b>                                    | <b>15</b>                                   |

\*\*Change in unrealized gain (loss) related to investments held at December 31, 2017 was \$2,851.

During the year ended December 31, 2017, investments with a fair value of \$81,000 were transferred out of Level 3 into Level 2 as observable market inputs became available for these investments.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable units of the Trust in as at June 30, 2018 and December 31, 2017.

# Skylon Growth & Income Trust

*Notes to the Financial Statements (unaudited)*

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## 1. THE TRUST

Skylon Growth & Income Trust (the "Trust") is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated as of January 30, 2004. On February 18, 2004, the Trust completed an initial public offering of 19,500,000 units at \$10 per unit. The Trust is listed on The Toronto Stock Exchange ("TSX"), under the symbol SKG.UN. On March 3, 2004, an over-allotment option granted to agents was exercised for further issuance of 1,030,000 units at \$10 per unit. The Trust is managed by CI Investments Inc. (the "Manager" and the "Trustee"). Signature Global Asset Management, a division of CI Investments Inc. is the investment advisor (the "Investment Advisor") to the Trust.

The Trust's investment objectives are to:

- i. provide unitholders with monthly distributions;
- ii. endeavour to preserve capital throughout the life of the Trust; and
- iii. enhance the long-term total return of the Trust's portfolio.

The address of the Trust's registered office is 2 Queen Street East, Twentieth Floor, Toronto, Ontario, M5C 3G7. These financial statements are authorized for issue by the Manager on August 13, 2018. CI Investments Inc. is a subsidiary of CI Financial Corp. RBC Investor Services Trust is the custodian (the "Custodian") of the Trust.

## 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 Trust:

Effective January 1, 2018, the Trust 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 Trust's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Trust manages its 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 Manager makes decisions based on the assets' fair values and manage the assets to realize those fair values.

Upon transition to IFRS 9, the Trust's 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 Trust's financial assets and financial liabilities upon transition to IFRS 9.

In accordance with IFRS 10: *Consolidated Financial Statements*, the Manager has determined that the Trust meets the definition of an Investment Entity which requires that the Trust obtains funds from one or more investors for the purpose of providing investment management services, commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of its investments on a fair value basis. Consequently, the Trust does not consolidate its 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 Trust classifies and measures its investments (such as fixed-income securities, equity securities, investment funds, exchange-traded funds and derivatives) based on both the Trust's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Trust's portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Trust is 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 Trust's 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 Trust's 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 Trust's obligations for net assets attributable to holders of redeemable units are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortized cost, which approximates their fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

# Skylon Growth & Income Trust

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

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

### **b. Fair valuation of financial 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' manager.

The fair value of private placements and other securities where there are significant unobservable inputs is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private placements are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

### **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 transaction costs. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

### **e. Investment transactions and income recognition**

Investment transactions are recorded on the trade date – the date on which the Trust 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 Trust and is accounted for on an accrual basis. The Trust does not amortize premiums paid or discounts received on the purchase of fixed-income securities except for zero-coupon bonds, which are amortized on a straight-line basis.

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

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

Commitment fee income is accounted for on an accrual basis on the term of the commitment.

### **f. Foreign exchange**

The Trust's 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 derivatives” and “Change in unrealized appreciation (depreciation) in value of investments and derivatives” in the Statements of Comprehensive Income.

# Skylon Growth & Income Trust

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

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## **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 by outstanding units.

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 the Trust have been classified as liabilities because the Trust has a fixed termination date. On April 13, 2009, the Declaration of Trust was amended to extend the termination date of the Trust to June 30, 2019 ("Termination Date"), and provide the Trustee the discretion to terminate the Trust if it believes the net asset value ("NAV") of the Trust falls to a level that is not beneficial to unitholders.

## **i. Commissions and other portfolio transaction costs**

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

## **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 by the weighted average number of units outstanding during the period.

## **k. Foreign currency forward contracts**

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

## **l. Options contracts**

Over-the-counter ("OTC") options are valued using the Black Scholes model, whereas, exchange-traded options are valued at last traded price taken from the exchange. Options contracts are valued each valuation day according to the gain or loss that would be realized if the contracts were closed out. All unrealized gains (losses) arising from option contracts are recorded as part of "Change in unrealized appreciation (depreciation) in value of investments and derivatives" in the Statements of Comprehensive Income until the contracts are closed out or expire, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income in "Net realized gain (loss) on sale of investments and derivatives".

## **m. Offsetting of financial instruments**

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

International Swaps and Derivatives Association Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Trust and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. The fair value of OTC financial derivative transactions net of collateral received in or pledged by a counterparty as at period end is disclosed in the Trust Specific Notes to Financial Statements.

The Trust may be subject to various Master Agreements or netting arrangements, with select counterparties. These Master Agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out to different legal entities of a particular counterparty

# Skylon Growth & Income Trust

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

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organization, each type of transaction may be covered by a different Master Agreement resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Trust to close out and net its total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

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

Subsidiaries are entities, including investments in other investment entities, over which a Trust has control. A Trust 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 Trust 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 held typically by the Trust meet the definition of structured entities. The Trust accounts for its investments in unconsolidated structured entities at FVTPL.

The Trust may, from time to time, invest in underlying funds and as a result the Trust may be 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 Trust invests 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 underlying funds. The Trust can redeem its investments in the underlying funds on a daily basis. These investments are included in "Investments" at FVTPL in the Statements of Financial Position. The Trust's maximum exposure to loss from its interest in underlying funds is equal to the total fair value of its investments in underlying funds.

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

### **o. Withholding taxes**

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

### **p. 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 Trust as at specific times, rather than the physical location of the Trust. The effective sales tax rate charged to the Trust 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.

## **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 the reporting period. The following discusses the most significant accounting judgments and estimates that the Trust has made in preparing its financial statements:

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

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



# Skylon Growth & Income Trust

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

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materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

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

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

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 the Trust.

The relevant changes pertaining to subscription and redemption of the Trust 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 11, the Trust endeavors 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.

The Trust is authorized to issue an unlimited number of transferable units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. Commencing April 30, 2008, unitholders are entitled to redeem their units outstanding monthly (the "Monthly Redemption"). Monthly redemption price per unit is equal to the lesser of: (a) 94% of the market price per unit on the applicable monthly valuation date (10-day average trading price); and (b) the "closing market price" per unit on the applicable monthly valuation date.

On April 14, 2009, the Trust received approval of the unitholders to add an annual right of unitholders to redeem their units (the "Annual Redemption"). As a result of these changes, commencing December 31, 2010, the unitholders have the right to redeem their units on December 31 of each year at the NAV.

The Trust endeavours to provide unitholders with monthly distributions which were initially targeted to total \$0.70 per unit per annum representing a yield of 7.0% based on the \$10.00 per unit issue price. Distributions commenced on March 31, 2004 and are expected to continue until termination of the Trust.

Units are listed for trading on the TSX under the symbol SKG.UN. Unitholders can purchase or sell units at any time the TSX is open for business.

As at June 30, 2018, the fair value of the Trust's net assets attributable to holders of redeemable units based on the TSX closing market price was \$36,717,675 (December 31, 2017 - \$38,383,820).

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

The Trust did not file a notice of intention to make a Normal Course Issuer Bid for 2018.

When units of the Trust are redeemed at a price per unit which is (greater) or lower than the net asset value per unit, the difference is included in "Gain (loss) on redemption" in the Statements of Comprehensive Income.

#### **5. FEES AND OTHER EXPENSES**

##### **Management fees**

The Trust pays to the Manager an annual fee equal to 1.10% of the NAV of the Trust calculated and payable monthly, plus applicable taxes, and an amount equal to the Service Fee payable by the Manager to registered dealers.

# Skylon Growth & Income Trust

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

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## Administrative fees

The Trust is also responsible for all of its expenses, plus applicable taxes, incurred in connection with its operations and administration (fees shown as administration fees include: trustee fees, transfer agency, custody and accounting fees). Audit fees, legal fees and independent review committee fees are disclosed separately.

## Service fees

The Manager will pay to registered dealers of the Trust an annual service fee (the "Service Fee") of 0.40% of the NAV per unit for units held by clients of the sales representatives of the registered dealers, calculated and payable quarterly in arrears, plus applicable taxes.

## 6. MARKET PURCHASE PROGRAM

In accordance with the Trust's prospectus, and to enhance liquidity and to provide support to the units, the Trust has a mandatory market purchase program under which the Trust, subject to exceptions contained in the Trust Agreement and in compliance with any regulatory requirements, is obligated to purchase its own units for cancellation. If, on any business day, the closing market price of the Trust's units (the "Reference Closing Price") is less than 95% of the NAV per unit determined on that date, the Trust will offer to purchase for cancellation any units offered in the market at or below the Reference Closing Price on the following business day. The maximum number of units to be purchased in any three-month period will not be over 1.25% of the number of units outstanding at the beginning of such period. During the periods ended June 30, 2018 and 2017, the Trust did not purchase any units for cancellation under the market purchase program.

## 7. SECURITIES LENDING

The Trust may engage in securities lending. Under a Securities Lending Agreement: (i) the borrower will pay to the Trust a negotiated securities lending fee and will make compensation payments to the Trust equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loan must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the securities loan must be fully collateralized. The minimum level of collateralization will be 102%. The amounts for securities loaned and the collateral as well as reconciliation between gross securities lending revenue and securities lending revenue received by the Trust appear on the Trust Specific Notes to Financial Statements, if applicable. Revenue from securities lending is included in "Securities lending revenue" in the Statements of Comprehensive Income and any cash collateral received or cash collateral payable is included in the Statements of Financial Position in "Cash collateral received for securities on loan" or "Payable for cash collateral under securities lending".

For more information relating to securities loaned and the collateral received refer to the Trust Specific Notes to Financial Statements.

## 8. TAXATION

The Trust qualifies as a mutual fund trust under the *Income Tax Act* (Canada). All of the Trust's net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Trust. As a result, the Trust does not record income taxes. Since the Trust does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. Income tax on net realized capital gains not paid or payable will generally be recoverable by virtue of refunding provisions contained in the *Income Tax Act* (Canada) and provincial income tax legislation, as redemptions occur. Occasionally, the Trust may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders.

## 9. REINVESTMENT OF DISTRIBUTIONS

The Trust has adopted a Distribution Reinvestment Plan ("DRIP") therefore at the election of each unitholder distributions are automatically reinvested in additional units of the Trust, without charge, at a price equal to the average trading price of the units on the TSX for the five trading days immediately preceding the relevant Distribution Date. The Manager may terminate the DRIP in its sole discretion, upon not less than thirty days' written notice to the DRIP participants.

## 10. RELATED PARTY TRANSACTIONS

The Trust may have direct or indirect holdings in CI Financial Corp. or its affiliates or other funds managed by the Manager as identified in the Schedule of Investment Portfolio and the Trust Specific Notes to Financial Statements.

## Inter-Fund Trading

Inter-fund trading occurs when a Fund purchases or sells a security of any issuer from or to another Fund managed by the Manager. These transactions are executed through market intermediaries and under prevailing market terms and conditions. The Independent Review Committee reviews such transactions during scheduled meetings. During the period ended June 30, 2018, the Trust executed inter-fund trades.

# Skylon Growth & Income Trust

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

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## 11. FINANCIAL INSTRUMENTS RISK

### Risk Management

The Trust is 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 the Trust is exposed to depends on the investment objective and the type of investments held by the Trust. The value of the investments within the 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 Trust. The Manager of the Trust may minimize potential adverse effects of these risks on the Trust's performance by, but not limited to, regular monitoring of the Trust'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.

### 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 debt instruments includes consideration of the credit worthiness of the debt issuer. The fair value of debt instruments as shown on the Schedule of Investment Portfolio represents the credit risk exposure of the Trust. Credit risk exposure for derivative instruments, if applicable, is based on the Trust's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit rating of a counterparty to a derivative instrument is disclosed in the Schedule of Investment Portfolio or in the Trust Specific Notes to Financial Statements. The credit risk exposure of the Trust's other assets is represented by their carrying amount as disclosed in the Statements of Financial Position.

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

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

| Credit Rating as per Credit Risk Table | Credit Rating as per Derivatives Schedules |
|--|--|
| AAA/Aaa/A++                            | A-1+                                       |
| AA/Aa/A+                               | A-1, A-2, A-3                              |
| A                                      | B, B-1                                     |
| BBB/Baa/B++                            | B-2  |
| BB/Ba/B+                               | B-3  |
| B                                      | C  |
| CCC/Caa/C++                            | -  |
| CC/Ca/C+                               | -  |
| C and Lower                            | D  |
| Not Rated                              | WR   |

Cash balances as disclosed in the Statements of Financial Position are maintained by the Custodian. The Manager monitors the credit worthiness of the Custodian on a regular basis. The credit rating of the Custodian as at June 30, 2018 was AA- (December 31, 2017 – AA-).

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

# Skylon Growth & Income Trust

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

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## Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to settle or meet its obligations, on time or at a reasonable price. The Trust is exposed to monthly and annual cash redemptions of redeemable units. Therefore, the Trust aims to invest the majority of its assets in investments that are traded in active markets and can be readily disposed of. In addition, the Trust aims to retain sufficient cash and cash equivalent positions to maintain liquidity. From time to time, the Trust may enter into derivative contracts or invest in unlisted securities that may not trade in an organized market and may be illiquid. All financial liabilities are due within three months.

## Market Risk

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

### *Other Price Risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk). 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. Except for options written, future contracts sold short and investments sold short, the maximum risk resulting from financial instruments is equivalent to their fair value.

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 Trust. As a result, the Trust may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Schedule of Investment Portfolio identifies all bonds and derivative instruments denominated in foreign currencies. Equities traded in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Trust's functional currency to determine their fair value.

### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of interest-bearing investments and interest rate derivative instruments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Trust will be affected by changes in applicable interest rates as it invests in debt securities and income trusts. 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 if the Trust invests in 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.

## Fair Value Hierarchy

The Trust is 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 depositary receipts ("ADRs") and Global depositary 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 Trust may use a variety of valuation techniques to derive their fair value.

# Skylon Growth & Income Trust

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

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The Trust's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

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

Details of the Trust's exposure to financial instruments risks including the fair value hierarchy classification are available in the Trust Specific Notes to Financial Statements section of the financial statements.

# Skylon Growth & Income Trust

## *Legal Notice*

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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**, or by asking your representative.

This document, and other information about the Trust, is available at the CI Investments Inc. website at **www.ci.com**, or at **www.sedar.com**.

## *Trust Information*

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### Auditor

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### Registrar & Transfer Agent

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### Listed

The Toronto Stock Exchange

### Ticker Symbol

SKG.UN

For more information on the Trust, visit us online at [www.ci.com](http://www.ci.com).



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