

Annual Financial Statements - December 31, 2018



Skylon Growth & Income Trust

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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
March 7, 2019



Sheila A. Murray
President

CI Investments Inc.



Douglas J. Jamieson
Chief Financial Officer

CI Investments Inc.



Independent auditor's report

To the Unitholders and Trustee of
Skylon Growth & Income Trust (the Trust)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board (IFRS).

What we have audited

The Trust's financial statements comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the 2018 Annual Management Report of Fund Performance.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 26, 2019

Skylon Growth & Income Trust

Financial Statements

Statements of Financial Position

as at December 31 (in \$000's except for per unit amounts and units outstanding)

	2018	2017
Assets		
Current assets		
Investments*	30,919	40,178
Cash	1,735	1,962
Unrealized gain on futures and foreign currency forward contracts	11	91
Swaps, swaptions and options	-	-
Cash collateral received for securities on loan (Note 7)	-	-
Margin for short sales	-	-
Dividends receivable	47	46
Receivable for distribution from investments	-	-
Interest receivable	87	98
Securities lending revenue receivable (Note 7)	-	-
Receivable for investments sold	15	8
Receivable for unit subscriptions	-	-
	32,814	42,383
Liabilities		
Current liabilities		
Investments sold short**	-	-
Bank overdraft	-	-
Unrealized loss on futures and foreign currency forward contracts	206	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	18	109
Payable for unit redemptions	1,747	3,280
Distributions payable to holders of redeemable units	272	725
Management fees payable	-	-
Administration fees payable	-	-
Service fees payable	38	46
	2,281	4,168
Net assets attributable to holders of redeemable units	30,533	38,215
*Investments at cost	31,089	35,333
**Investments sold short at cost	-	-
Net assets attributable to holders of redeemable units per unit:		
Class A	6.93	8.24
Number of redeemable units outstanding:		
Class A	4,406,563	4,635,727

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

Skylon Growth & Income Trust

Financial Statements

Statements of Comprehensive Income

for the years ended December 31 (in \$000's except for per unit amounts and number of units)

	2018	2017
Income		
Net gain (loss) on investments and derivatives		
Dividends	668	692
Interest for distribution purposes	477	620
Derivative income (loss)	(30)	2
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	1,963	3,663
Change in unrealized appreciation (depreciation) in value of investments and derivatives	(5,293)	114
Total net gain (loss) on investments and derivatives	(2,215)	5,092
Other income		
Commitment fee income	-	-
Securities lending revenue (Note 7)	6	6
Foreign exchange gain (loss) on cash	134	(115)
Gain (loss) on redemption	-	1
Total other income	140	(108)
Total income	(2,075)	4,984
Expenses		
Management fees (Note 5)	405	455
Administration fees (Note 5)	89	100
Commissions and other portfolio transaction costs	37	36
Commitment fees	-	-
Audit fees	3	3
Legal fees	-	-
Service fees (Note 5)	147	165
Independent review committee fees	1	1
Securities borrowing fees (Note 2)	5	6
Withholding taxes	38	42
Harmonized sales tax	60	66
Total expenses	785	874
Increase (decrease) in net assets attributable to holders of redeemable units	(2,860)	4,110
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	(0.62)	0.81
Weighted average number of units:		
Class A	4,649,363	5,026,455

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

Skylon Growth & Income Trust

Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
for the years ended December 31 (in \$000's)

	2018	2017
Class A		
Net assets attributable to holders of redeemable units at the beginning of year	38,215	41,133
Increase (decrease) in net assets attributable to holders of redeemable units	(2,860)	4,110
Distributions to holders of redeemable units		
From net investment income	(364)	(486)
From net realized gains	(1,620)	(3,461)
Return of capital	(1,270)	-
Total distributions to holders of redeemable units	(3,254)	(3,947)
Redeemable unit transactions		
Proceeds from redeemable units issued	-	-
Reinvestment of distributions to holders of redeemable units	192	194
Redemption of redeemable units	(1,760)	(3,275)
Net increase (decrease) from redeemable unit transactions	(1,568)	(3,081)
Net increase (decrease) in net assets attributable to holders of redeemable units	(7,682)	(2,918)
Net assets attributable to holders of redeemable units at the end of year	30,533	38,215

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

Skylon Growth & Income Trust

Financial Statements

Statements of Cash Flows

for the years ended December 31 (in \$000's)

	2018	2017
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(2,860)	4,110
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(1,963)	(3,663)
Unrealized foreign exchange (gain) loss on cash	(66)	30
Commissions and other portfolio transaction costs	37	36
Change in unrealized (appreciation) depreciation in value of investments and derivatives	5,293	(114)
Proceeds from sale and maturity of investments and derivatives	36,097	38,753
Purchase of investments and derivatives	(30,025)	(32,853)
Non-cash distributions from investments	-	(1)
(Increase) decrease in margin for short sales	-	-
(Increase) decrease in dividends receivable	(1)	(7)
(Increase) decrease in interest receivable	11	63
(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	(8)	(3)
Net cash from (used in) operating activities	6,515	6,351
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(3,515)	(3,353)
Proceeds from issuance of redeemable units	-	-
Amounts paid on redemption of redeemable units	(3,293)	(4,601)
Net cash from (used in) financing activities	(6,808)	(7,954)
Unrealized foreign exchange gain (loss) on cash	66	(30)
Net increase (decrease) in cash	(293)	(1,603)
Cash (bank overdraft), beginning of year	1,962	3,595
Cash (bank overdraft), end of year	1,735	1,962
Supplementary Information:		
Dividends received, net of withholding tax*	626	646
Interest received, net of withholding tax*	487	681
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 December 31, 2018

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
COMMON EQUITIES (61.6%)			
41,957	Abengoa S.A.	1,198	951
433,886	Abengoa S.A., Class B	-	2,307
6,800	Advanced Micro Devices Inc.*	114,803	171,334
4,707	Agnico-Eagle Mines Ltd.	254,735	259,356
3,800	Air Canada	98,868	98,648
700	Airbus Group N.V.	74,762	91,899
800	Alibaba Group Holding Ltd., ADR*	116,377	149,670
3,791	Alimentation Couche-Tard Inc., Class B	136,568	257,447
75	Amazon.com Inc.	62,929	153,754
10,212	Anima Holding SpA	88,855	51,577
500	Anthem Inc.	155,944	179,233
400	Apple Inc.	80,834	86,120
5,400	ARC Resources Ltd.	77,143	43,740
1,639	ASOS PLC*	166,170	64,938
3,500	Assa Abloy AB	87,038	85,237
17,200	Banco Santander S.A.	107,713	106,853
600	Becton Dickinson and Co.	174,075	184,525
109	Berry Petroleum Company LLC	1,075	1,302
200	Boeing Co.	66,668	88,037
24,900	Bombardier Inc., Class B, Sub-Voting Shares	86,320	50,547
775	BrightHouse TopCo Ltd., A1 Ordinary Shares	7,684	7,588
3,635	Brookfield Property Partners L.P.	62,923	80,043
850	BRP Inc.	28,826	30,039
4,800	Canadian Imperial Bank of Commerce	540,002	488,064
3,100	Canadian National Railway Co.	261,288	313,441
22,552	Canadian Natural Resources Ltd.	912,316	742,863
1,700	Canadian Pacific Railway Ltd.	387,208	411,808
500	Centene Corp.	71,377	78,687
1,002	Chinos Intermediate Holdings Inc., Class A	2,723	1,793
4,600	CI Financial Corp.~	95,329	79,488
900	Cimarex Energy Co.	111,899	75,732
4,600	Citigroup Inc.	385,055	326,863
5,500	CK Infrastructure Holdings Ltd.	54,910	56,850
400	Concho Resources Inc.	69,841	56,120
7,700	Credit Agricole S.A.	125,510	113,538
8,700	Credit Suisse Group AG	138,244	130,478
28,700	Crescent Point Energy Corp.	271,466	118,818
500	Daikin Industries Ltd.	68,448	72,832
927	Danaher Corp.	112,146	130,475
3,300	Danske Bank AS	131,191	89,091
400	Deere & Co.	78,658	81,441
1,100	Delta Air Lines Inc.	76,191	74,920
1,800	Denso Corp.	111,214	109,698
3,299	Diageo PLC	103,943	160,444
900	Discover Financial Services Inc.*	72,731	72,452
11,000	Dream Unlimited Corp.	96,255	75,240
4,700	E.ON S.E.	65,767	63,401
900	Emerson Electric Co.	84,308	73,398
5,800	Enbridge Inc.	301,373	245,978
25,150	EnCana Corp.	309,767	198,182
6,600	Engie	132,613	129,259
1,650	EOG Resources Inc.	180,308	196,406
350	Estée Lauder Co., Inc.	31,620	62,151
11,894	Fiera Capital Corp.	152,104	134,283
7,650	First Quantum Minerals Ltd.	112,134	84,456
465	George Weston Ltd.	33,107	41,873
28,200	Glencore PLC	157,548	142,963

*Denotes all or part of securities on loan.

~CI Investments Inc., the Manager of the Trust is a corporation controlled by CI Financial Corp.

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

Skylon Growth & Income Trust

Schedule of Investment Portfolio as at December 31, 2018 (cont'd)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
COMMON EQUITIES (61.6%) (cont'd)			
4,000	Great-West Lifeco Inc.	119,610	112,720
569	Home Depot Inc.	73,642	133,441
500	Honeywell International Inc.	86,927	90,166
2,800	Husky Energy Inc.	50,598	39,508
2,700	Inditex S.A.	108,209	94,358
4,500	Industrial Alliance Insurance and Financial Services Inc.	227,475	196,065
8,000	ING Groep N.V.	144,334	117,711
1,000	Ingersoll-Rand PLC	119,630	124,521
1,000	Intercorp Financial Services Inc.	50,972	57,326
1,200	Johnson & Johnson	218,657	211,370
900	KBC Groep N.V.	82,395	79,765
100	Keyence Corp.	60,808	69,351
3,450	Loblaw Co., Ltd.	138,431	210,830
11,642	Lundin Mining Corp.	78,090	65,661
850	Magna International Inc., Class A	54,103	52,674
62,626	Manulife Financial Corp.	1,365,948	1,213,066
700	Medtronic PLC	86,242	86,906
4,150	Mondelez International Inc.	208,397	226,745
2,600	National Bank of Canada	163,155	145,730
3,560	Nestle S.A., Registered Shares	289,500	394,501
400	NextEra Energy Inc.	74,361	94,899
1,600	NIKE Inc., Class B	116,893	161,911
6,200	Nordea Bank Abp	90,865	71,204
6,321	Nutrien Ltd.	438,365	405,303
22,800	NuVista Energy Ltd.	180,120	93,024
700	Parex Resources Inc.	14,800	11,445
6,800	Ping An Insurance (Group) Co. of China Ltd., Shares H	78,229	81,962
7,876	Pirelli & C. SpA	76,051	69,089
4,770	Posera Ltd.	9,342	501
9,660	Power Corporation of Canada	285,614	236,960
7,000	Power Financial Corp.	193,703	180,810
3,401	Richelieu Hardware Ltd.	82,029	77,169
4,356	Royal Bank of Canada	389,681	407,025
8,800	Samsung Electronics Co., Ltd.	292,722	417,355
1,688	Sanofi S.A.	194,402	199,700
6,592	Saputo Inc.	191,951	258,340
636	Schneider Electric S.A.*	55,643	59,390
650	Sempra Energy*	91,026	95,985
400	Siemens AG, Registered Shares	73,400	60,907
2,449	Sleep Country Canada Holdings Inc.	67,981	48,907
6,939	SLM Corp.	98,354	78,705
9,850	Sony Corp.	404,147	653,416
3,600	Sun Life Financial Inc.	185,793	163,044
15,141	Suncor Energy Inc.	631,084	577,326
12,112	Synchrony Financial	473,679	387,835
14,498	Teck Resources Ltd., Class B	416,672	426,096
18,483	The Bank of Nova Scotia	1,279,862	1,257,768
2,200	The Stars Group Inc.	67,605	49,588
650	Thermo Fisher Scientific Inc.	135,214	198,544
26	Tops Markets LLC	12,043	12,476
1,900	Tourmaline Oil Corp.	37,392	32,262
600	UnitedHealth Group Inc.	145,554	204,016
2,600	Weir Group PLC	74,104	58,723
4,748	Wells Fargo & Co.	284,208	298,625
5,200	Wheaton Precious Metals Corp.	128,528	138,580
344	Xplornet Communications Inc.	277	14,792
		18,988,919	18,784,728

*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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
CORPORATE BONDS (17.9%)				
USD	31,000	1011778 BC ULC/New Red Finance Inc., 5% 10/15/2025	38,742	38,927
	10,000	407 International Inc., 3.6% 05/21/2047	10,669	9,642
	8,000	407 International Inc., 3.65% 09/08/2044	7,988	7,798
EUR	23,457	Abengoa Abenewco 1 S.A.U., 14% 03/31/2021	30,945	33,264
USD	35,037	Abengoa Abenewco 2 S.A.U., 1.5% 09/29/2022	5,430	4,962
USD	4,680	ABG Orphan Holdco S.a.r.l., 14% 02/28/2021	6,199	6,700
USD	3,000	AECOM 5.125% 03/15/2027	3,922	3,501
USD	8,000	AECOM 5.875% 10/15/2024	8,758	10,755
USD	7,000	AerCap Global Aviation Trust 6.5% 06/15/2045	9,284	9,172
	5,000	Alimentation Couche-Tard Inc., 3.6% 06/02/2025	5,295	4,924
	28,000	Alimentation Couche-Tard Inc., 4.214% 08/21/2020	30,252	28,596
USD	7,000	Alliance One International Inc., 9.875% 07/15/2021	7,087	7,237
	12,000	Allied Properties Real Estate Investment Trust 3.748% 05/13/2020	12,356	12,109
	9,000	AltaLink L.P., 4.872% 11/15/2040	11,127	10,472
USD	12,000	Altice Financing S.A., 6.625% 02/15/2023	15,554	15,724
USD	5,000	Altice Financing S.A., 7.5% 05/15/2026	6,725	6,227
USD	34,572	Alvogen Pharma US Inc., Term Loan, Private Placement, variable rate, 04/02/2022	45,593	46,125
USD	3,000	American Axle & Manufacturing Inc., 6.25% 04/01/2025*	4,052	3,726
	4,000	Anheuser-Busch InBev Finance Inc., 2.6% 05/15/2024	3,999	3,794
	7,000	Anheuser-Busch InBev Finance Inc., 4.32% 05/15/2047	7,008	6,395
USD	5,000	Apergy Corp., 6.375% 05/01/2026	6,504	6,688
USD	1,000	ARD Finance S.A., 7.125% 09/15/2023	1,290	1,225
USD	5,000	Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., 4.625% 05/15/2023	6,274	6,517
	11,398	Arrow Lakes Power Corp., 5.516% 04/05/2041	13,645	13,471
USD	7,000	Aston Martin Capital Holdings Ltd., 6.5% 04/15/2022	9,339	9,029
	15,000	Aviva PLC 4.5% 05/10/2021	15,596	15,304
USD	3,000	Avolon Holdings Funding Ltd., 5.125% 10/01/2023	3,948	3,910
	20,000	Bank of America Corp., 2.604% 03/15/2023	20,000	19,594
	19,000	Bank of America Corp., 3.228% 06/22/2022	19,046	19,026
	12,000	Bank of America Corp., 3.301% 04/24/2024	12,000	11,917
USD	16,000	Bank of America Corp., 6.1% 12/31/2049	20,323	21,511
USD	6,000	Bank of America Corp., FRN, 5.2% 12/31/2049*	7,691	7,886
USD	6,000	Bank of America Corp., FRN, 6.5% 12/31/2049	8,587	8,292
	9,000	Bank of Montreal 2.27% 07/11/2022	8,999	8,826
	19,000	Bank of Montreal 2.7% 09/11/2024	18,998	18,709
	14,000	Bank of Montreal 2.89% 06/20/2023	13,997	13,984
	8,000	Bank of Montreal 3.19% 03/01/2028	7,936	8,001
	21,000	Bank of Montreal 3.32% 06/01/2026	21,036	21,058
	28,000	Bank of Montreal 3.34% 12/08/2025	28,716	28,137
	16,367	Bankers Hall L.P., 4.377% 11/20/2023	17,440	16,520
USD	5,000	Barclays PLC 7.75% 12/31/2049	6,516	6,565
USD	30,000	Barclays PLC 7.875% 12/31/2049	39,671	40,947
USD	17,000	Baytex Energy Corp., 5.625% 06/01/2024	16,608	20,071
	8,000	Baytex Energy Corp., 6.625% 07/19/2022	8,000	7,805
USD	49,000	Baytex Energy Corp., 6.75% 02/17/2021	48,359	66,462
	11,000	Bell Canada Inc., 3% 10/03/2022	11,103	10,897
	7,000	Bell Canada Inc., 4.35% 12/18/2045	7,322	6,534
	10,000	Bell Canada Inc., 4.7% 09/11/2023	11,436	10,523
	13,213	BP L.P., 3.244% 01/09/2020	13,608	13,235
GBP	9,646	BrightHouse Group PLC 9% 05/15/2023	16,889	16,784
USD	6,000	Brinker International Inc., 5% 10/01/2024	7,764	7,698
	9,000	Brookfield Asset Management Inc., 3.8% 03/16/2027	9,172	8,660
	19,000	Brookfield Asset Management Inc., 5.04% 03/08/2024	21,556	20,004
	28,000	Brookfield Asset Management Inc., 5.3% 03/01/2021	31,434	29,187
	16,000	Brookfield Asset Management Inc., 5.95% 06/14/2035	18,422	17,630
	5,000	Brookfield Infrastructure Finance ULC 3.315% 02/22/2024	4,987	4,877

*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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
		CORPORATE BONDS (17.9%) (cont'd)		
	24,000	Brookfield Infrastructure Finance ULC 3.452% 03/11/2022*	24,326	23,971
	10,000	Brookfield Infrastructure Finance ULC 3.538% 10/30/2020	10,334	10,094
	10,000	Brookfield Infrastructure Finance ULC 4.193% 09/11/2028	10,000	9,864
	20,000	Brookfield Property Finance ULC 4.115% 10/19/2021	20,016	20,171
	19,000	Brookfield Property Finance ULC 4.346% 07/03/2023	19,000	19,034
	6,000	Brookfield Renewable Partners ULC 3.63% 01/15/2027	6,090	5,745
	4,000	Brookfield Renewable Partners ULC 3.752% 06/02/2025	4,174	3,950
	6,000	Brookfield Renewable Partners ULC 4.79% 02/07/2022	6,671	6,221
	23,000	Brookfield Renewable Partners ULC 5.84% 11/05/2036	26,467	25,117
USD	4,000	Brookfield Residential Properties Inc., 6.125% 07/01/2022	5,271	5,159
USD	4,000	BWAY Holding Co., 5.5% 04/15/2024	5,341	5,132
USD	20,000	Calfrac Holdings LP., 8.5% 06/15/2026	25,736	19,382
	6,000	Canada Life Capital Trust 7.529% 06/30/2032	8,144	8,168
	9,000	Canadian Imperial Bank of Commerce 2.3% 07/11/2022	9,005	8,828
	15,000	Canadian Imperial Bank of Commerce 2.97% 07/11/2023	14,997	15,016
	40,000	Canadian Imperial Bank of Commerce 3% 10/28/2024	40,475	40,060
	15,000	Canadian Imperial Bank of Commerce 3.3% 05/26/2025	15,000	15,196
	19,000	Canadian Imperial Bank of Commerce 3.42% 01/26/2026	19,535	19,106
	9,000	Canadian Natural Resources Ltd., 3.31% 02/11/2022	9,096	8,984
	13,000	Canadian Natural Resources Ltd., 4.85% 05/30/2047*	13,079	12,837
	14,000	Canadian Real Estate Investment Trust 2.564% 11/30/2019	14,046	13,981
	13,000	Canadian Real Estate Investment Trust 2.951% 01/18/2023	12,949	12,695
	15,000	Canadian Real Estate Investment Trust 4.323% 01/15/2021	15,971	15,326
	10,000	Canadian Tire Corp., Ltd., 2.646% 07/06/2020	10,000	9,981
	3,000	Canadian Western Bank 2.377% 01/23/2020	2,981	2,986
	13,000	Canadian Western Bank 2.737% 06/16/2022	13,000	12,765
	10,000	Canadian Western Bank 2.788% 09/13/2021	10,111	9,888
	13,000	Canadian Western Bank 2.881% 03/01/2021	12,977	12,938
	20,000	Canadian Western Bank 3.077% 01/14/2019	20,399	20,002
	16,000	Capital Power Corp., 4.284% 09/18/2024	16,000	15,825
	13,000	Capital Power Corp., 5.276% 11/16/2020	13,841	13,438
	13,000	CCL Industries Inc., 3.864% 04/13/2028	13,019	13,001
USD	11,000	CCO Holdings LLC/CCO Holdings Capital Corp., 5.125% 05/01/2023	13,850	14,601
USD	6,000	CCO Holdings LLC/CCO Holdings Capital Corp., 5.375% 05/01/2025	7,652	7,852
USD	3,000	CCO Holdings LLC/CCO Holdings Capital Corp., 5.75% 02/15/2026	3,950	4,013
USD	5,000	Cenovus Energy Inc., 5.25% 06/15/2037	5,984	6,012
USD	5,000	Cenovus Energy Inc., 6.75% 11/15/2039	6,215	6,660
USD	1,000	Centene Escrow I Corp., 5.375% 06/01/2026	1,276	1,327
	12,000	CES Energy Solutions Corp., 6.375% 10/21/2024	12,000	11,195
USD	3,000	Chemours Co., 5.375% 05/15/2027	4,080	3,685
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	14,174
USD	9,212	Chinos Holdings Inc., 7% 12/31/2049	4,510	7,544
	10,000	Choice Properties L.P., 3.6% 04/20/2020	10,544	10,076
	15,000	Choice Properties Real Estate Investment Trust 4.178% 03/08/2028	15,000	14,828
	20,000	Choice Properties Real Estate Investment Trust 4.903% 07/05/2023	22,735	20,963
	5,000	Choice Properties Real Estate Investment Trust 5.268% 03/07/2046	5,767	5,259
	42,000	CIBC Capital Trust 9.976% 06/30/2108	46,377	43,434
USD	4,000	Citigroup Inc., 5.9% 12/29/2049	5,447	5,088
USD	11,000	Clearwater Seafoods Inc., 6.875% 05/01/2025	14,457	14,376
	11,724	Comber Wind Financial Corp., 5.132% 11/15/2030	13,093	12,494
	9,000	Cominar Real Estate Investment Trust 3.62% 06/21/2019	9,168	9,018
	10,000	Cominar Real Estate Investment Trust 4.164% 06/01/2022	10,000	9,858
	4,000	Cominar Real Estate Investment Trust 4.247% 05/23/2023	4,096	3,911
USD	3,000	CoreCivic Inc., 4.75% 10/15/2027	3,524	3,388
USD	7,000	Corrections Corp. of America 4.625% 05/01/2023	8,931	8,838

*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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
		CORPORATE BONDS (17.9%) (cont'd)		
USD	9,000	Corrections Corp. of America 5% 10/15/2022	11,821	11,762
USD	31,000	Credit Suisse Group AG 6.25% 12/31/2049	36,020	39,966
USD	9,000	Credit Suisse Group AG 7.125% 12/31/2049	11,848	12,131
USD	3,000	Credit Suisse Group AG 7.25% 12/31/2049	3,953	3,863
USD	4,000	Credit Suisse Group AG 7.5% 12/31/2049	5,246	5,323
	21,000	Crew Energy Inc., 6.5% 03/14/2024	20,952	17,640
USD	10,000	Crown Americas LLC/Crown Americas Capital Corp., 4.25% 09/30/2026	12,030	12,250
USD	4,000	Crown Americas LLC/Crown Americas Capital Corp., 4.75% 02/01/2026	4,990	5,146
USD	15,000	CrownRock L.P./CrownRock Finance Inc., 5.625% 10/15/2025	18,777	18,426
USD	1,000	CSC Holdings LLC 5.375% 02/01/2028	1,247	1,255
	14,000	CT Real Estate Investment Trust 3.527% 06/09/2025	14,632	13,716
	1,000	CU Inc., 3.964% 07/27/2045	1,069	1,019
	8,000	Daimler Canada Finance Inc., 2.23% 12/16/2021	7,992	7,810
	9,000	Daimler Canada Finance Inc., 3.3% 08/16/2022	8,997	9,031
USD	6,000	DaVita Inc., 5% 05/01/2025	7,603	7,432
USD	11,000	DaVita Inc., 5.125% 07/15/2024	12,177	14,076
USD	24,000	DCP Midstream LLC, FRN, 5.85% 05/21/2043	23,619	26,206
USD	988	Digicel International Finance Ltd., Term Loan B, Private Placement, variable rate, 05/10/2024	1,342	1,220
USD	3,000	Digicel Ltd., 6% 04/15/2021	3,765	3,675
USD	12,000	Dole Food Co., Inc., 7.25% 06/15/2025	15,966	15,232
	11,000	Eagle Credit Card Trust 3.042% 07/17/2023	11,000	11,019
	11,000	Enbridge Gas Distribution Inc., 3.51% 11/29/2047	11,000	10,267
	4,000	Enbridge Inc., 3.19% 12/05/2022	4,180	3,985
	8,000	Enbridge Inc., 4.24% 08/27/2042	7,533	7,276
	12,000	Enbridge Inc., 4.57% 03/11/2044	11,941	11,517
	13,000	Enbridge Inc., 4.87% 11/21/2044	13,736	12,866
	8,000	Enbridge Inc., 5.375% 09/27/2077	8,000	7,372
	9,000	Enbridge Inc., 6.625% 04/12/2078	9,130	9,023
USD	7,000	Endeavor Energy Resources L.P./EER Finance Inc., 5.5% 01/30/2026	8,971	9,793
USD	15,000	Endeavor Energy Resources L.P./EER Finance Inc., 5.75% 01/30/2028	19,223	20,887
	8,000	EPCOR Utilities Inc., 4.55% 02/28/2042	9,415	8,902
USD	15,000	Evergreen Skills Lux S.a.r.l., Term Loan 2, Private Placement, variable rate, 04/28/2022	16,188	11,192
	25,577	Fifth Avenue L.P., 4.71% 08/05/2021	27,343	26,221
USD	5,000	First Quantum Minerals Ltd., 144A, 7% 02/15/2021	4,950	6,552
USD	3,000	First Quantum Minerals Ltd., 6.875% 03/01/2026	3,608	3,286
USD	12,000	First Quantum Minerals Ltd., 7.25% 05/15/2022	11,090	15,191
USD	6,000	First Quantum Minerals Ltd., 7.5% 04/01/2025	7,434	6,756
USD	4,000	Foot Locker Inc., 8.5% 01/15/2022	4,620	5,896
	12,000	Ford Auto Securitization Trust 2.319% 04/15/2022**	12,000	11,970
	15,000	Ford Floorplan Auto Securitization Trust 2.397% 07/15/2020	15,000	14,847
	14,000	Fortified Trust 1.67% 07/23/2021	14,082	13,621
	9,000	Fortified Trust 2.161% 10/23/2020	9,000	8,923
	8,000	FortisAlberta Inc., 4.27% 09/22/2045	9,321	8,560
	10,000	FortisBC Energy Inc., 5.8% 05/13/2038	13,834	12,739
USD	2,000	Freeport-McMoRan Inc., 5.4% 11/14/2034	1,900	2,150
USD	2,000	Freeport-McMoRan Inc., 5.45% 03/15/2043	2,329	2,078
USD	2,000	FXI Holdings Inc., 7.875% 11/01/2024	2,565	2,341
	10,000	General Motors Financial of Canada Ltd., 3% 02/26/2021	9,997	9,881
USD	10,000	Genworth Holdings Inc., 4.61863% 11/15/2066	9,795	7,507
USD	11,000	Genworth Holdings Inc., 4.8% 02/15/2024	12,712	12,387
USD	12,000	Genworth Holdings Inc., 4.9% 08/15/2023	14,096	13,554
USD	7,000	Genworth Holdings Inc., 7.625% 09/24/2021	8,054	9,435
	7,000	George Weston Ltd., 7.1% 02/05/2032	9,360	8,600
USD	22,000	Getty Images Inc., 144A, 7% 10/15/2020	18,165	28,376
USD	6,680	Getty Images Inc., Term Loan B, Private Placement, variable rate, 10/18/2019	6,917	8,844
	38,000	Gibson Energy Inc., 5.25% 07/15/2024	38,000	36,860

**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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
		CORPORATE BONDS (17.9%) (cont'd)		
	15,000	Gibson Energy Inc., 5.375% 07/15/2022	15,000	14,956
	14,000	Glacier Credit Card Trust 2.568% 09/20/2019	14,442	14,012
	22,000	Glacier Credit Card Trust 3.237% 09/20/2020	21,926	21,927
	10,000	Glacier Credit Card Trust 3.298% 09/20/2022	9,782	9,812
	13,000	Glacier Credit Card Trust 4.138% 09/20/2023	13,000	13,110
	1,931	Golden Credit Card Trust 2.134% 03/15/2019	1,929	1,928
USD	9,000	Goldman Sachs Group Inc., 5.3% 12/31/2049	11,731	10,994
	14,000	Granite REIT Holdings L.P., 3.788% 07/05/2021	14,553	14,138
	19,000	Granite REIT Holdings L.P., 3.873% 11/30/2023	19,000	19,041
USD	8,000	H&E Equipment Services Inc., 5.625% 09/01/2025	10,140	10,018
	5,000	H&R Real Estate Investment Trust 3.416% 01/23/2023	5,000	4,916
USD	12,459	Hartford Financial Services Group Inc., 4.74113% 02/12/2047	10,898	13,604
USD	8,000	HCA Inc., 5% 03/15/2024	10,914	10,810
USD	4,000	HCA Inc., 5.25% 06/15/2026	5,232	5,419
USD	15,000	HCA Inc., 5.375% 09/01/2026	19,633	19,911
USD	2,000	HCA Inc., 7.58% 09/15/2025	2,850	2,894
	12,000	Heathrow Funding Ltd., 3.782% 09/04/2030	12,025	11,743
	14,000	Heathrow Funding Ltd., FRN, 3% 06/17/2023	14,489	14,001
	8,000	Honda Canada Finance Inc., 1.823% 12/07/2021	7,987	7,752
	7,000	Honda Canada Finance Inc., 3.176% 08/28/2023	7,000	7,010
USD	23,000	Howard Hughes Corp., 5.375% 03/15/2025	30,817	29,509
	14,000	HSBC Bank Canada 2.449% 01/29/2021	13,906	13,884
	11,000	HSBC Bank Canada 2.542% 01/31/2023	11,000	10,757
	16,000	HSBC Bank Canada 2.938% 01/14/2020	16,638	16,054
	10,000	HSBC Bank Canada 3.245% 09/15/2023	10,000	10,031
	7,000	HSBC Holdings PLC 3.196% 12/05/2023	7,005	6,889
USD	7,000	HSBC Holdings PLC 6.875% 12/31/2049	9,201	9,819
USD	3,000	HSBC Holdings PLC, FRN, 6.375% 12/31/2049	3,749	3,931
USD	5,000	HUB International Ltd., 7% 05/01/2026	6,388	6,159
USD	14,000	Hughes Satellite Systems Corp., 5.25% 08/01/2026	18,138	17,508
USD	2,000	Hughes Satellite Systems Corp., 6.625% 08/01/2026	2,751	2,501
	5,000	IGM Financial Inc., 4.56% 01/25/2047	5,000	5,102
USD	6,000	ILFC E-Capital Trust I, FRN, 4.67% 12/21/2065	6,470	6,367
USD	17,000	ILFC E-Capital Trust II 4.8% 12/21/2065	20,243	18,099
USD	32,000	ING Groep N.V., 6.5% 12/31/2049	39,817	40,358
USD	16,000	Intelsat Jackson Holdings S.A., 5.5% 08/01/2023	17,712	19,000
USD	9,000	Intelsat Jackson Holdings S.A., 8% 02/15/2024	11,774	12,653
	15,000	Iron Mountain Canada Operations ULC 5.375% 09/15/2023	15,007	14,925
USD	14,000	iStar Inc., 5.25% 09/15/2022	17,257	17,865
USD	11,000	J. Crew Brand LLC/J. Crew Brand Corp., 13% 09/15/2021	16,872	16,891
USD	16,304	J. Crew Group Inc., Term Loan B, Private Placement, variable rate, 03/05/2021	17,142	17,456
USD	9,000	JBS USA LLC S.A./JBS USA Finance Inc., 5.75% 06/15/2025	11,060	11,731
USD	18,000	JPMorgan Chase & Co., 6.75% 08/29/2049	26,364	25,385
USD	8,000	JPMorgan Chase & Co., FRN, 5% 12/29/2049	10,351	10,537
USD	3,000	JPMorgan Chase & Co., FRN, 6% 12/29/2049	4,024	4,003
USD	24,000	Kennedy-Wilson Inc., 5.875% 04/01/2024	27,149	30,629
USD	1,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America 4.75% 06/01/2027	1,244	1,269
USD	15,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America 5% 06/01/2024	19,494	19,757
USD	8,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America 5.25% 06/01/2026	10,479	10,564
USD	1,000	Kinross Gold Corp., 4.5% 07/15/2027	1,303	1,179
USD	10,000	Kinross Gold Corp., 6.875% 09/01/2041	14,518	13,035
	17,982	KS SP L.P./KS SP1 L.P./ARI SP L.P./ARI SP1 L.P., 3.21% 06/15/2019	18,446	17,998
USD	7,000	Lamb Weston Holdings Inc., 4.625% 11/01/2024	9,018	9,292
USD	3,000	Lamb Weston Holdings Inc., 4.875% 11/01/2026	4,018	3,931
USD	8,000	Land O'Lakes Capital Trust I 7.45% 03/15/2028	7,155	11,274
USD	11,570	Lannett Co., Inc., Term Loan B, Private Placement, variable rate, 11/25/2022	13,895	12,839

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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
		CORPORATE BONDS (17.9%) (cont'd)		
USD	27,000	LBC Tank Terminals Holding Netherlands B.V., 6.875% 05/15/2023	28,309	32,799
USD	14,000	Liberty Mutual Group Inc., FRN, 5.69319% 03/15/2037	14,234	17,771
USD	3,000	Lincoln National Corp., 4.509% 04/20/2067	2,831	3,192
USD	99,000	Lincoln National Corp., Callable, 4.9975% 05/17/2066	79,549	110,634
	4,739	Livingston International Inc., Term Loan, Private Placement, variable rate, 03/18/2020	4,692	4,502
USD	4,887	Livingston International Inc., Term Loan, Private Placement, variable rate, 04/18/2020	4,811	6,303
USD	6,000	Lloyds Bank PLC, FRN, 12% 12/31/2049	10,236	9,576
USD	2,000	Lloyds Banking Group PLC 7.5% 12/31/2049	2,564	2,635
	5,000	Loblaw Co., Ltd., 4.488% 12/11/2028	5,000	5,143
	17,000	Loblaw Co., Ltd., 6.05% 06/09/2034	21,254	19,507
	13,000	Loblaw Co., Ltd., 6.45% 02/09/2028	16,543	15,255
	12,000	Loblaw Co., Ltd., 6.5% 01/22/2029	15,536	14,113
	21,000	Lower Mattagami Energy L.P., 4.944% 09/21/2043	27,019	24,856
	8,000	Manulife Bank of Canada 2.082% 05/26/2022	8,000	7,772
	15,000	Manulife Bank of Canada 2.844% 01/12/2023	14,973	14,867
	12,000	Master Credit Card Trust II 3.056% 01/21/2022	11,864	11,672
USD	7,000	Mattamy Group Corp., (USD) 6.5% 10/01/2025	8,685	8,551
	13,000	Mattamy Group Corp., 6.5% 10/01/2025	13,074	12,242
USD	9,000	Mattamy Group Corp., 6.875% 12/15/2023	11,907	11,470
USD	6,000	MEDNAX Inc., 6.25% 01/15/2027	7,879	7,903
USD	4,000	MEG Energy Corp., 6.375% 01/30/2023	4,058	5,159
USD	15,000	MEG Energy Corp., 6.5% 01/15/2025	20,049	20,781
USD	20,000	MEG Energy Corp., 7% 03/31/2024	25,907	26,070
USD	3,000	Merlin Entertainments PLC 5.75% 06/15/2026	3,863	4,044
	23,000	Merrill Lynch & Co., Inc., FRN, 3.16875% 05/30/2022	22,732	22,954
	15,000	Metro Inc., 2.68% 12/05/2022	14,796	14,644
	5,000	Metro Inc., 4.27% 12/04/2047	4,995	4,628
	14,000	Metro Inc., 5.03% 12/01/2044	16,040	14,558
USD	14,000	MGM Growth Properties Operating Partnership L.P., 5.625% 05/01/2024	19,098	18,918
USD	6,000	MGM Growth Properties Operating Partnership L.P./MGP Finance 4.5% 01/15/2028	7,082	7,166
USD	11,000	MGM Resorts International 4.625% 09/01/2026	14,027	13,475
USD	6,000	MGM Resorts International 5.75% 06/15/2025	7,900	7,903
	10,000	Molson Coors International L.P., 2.84% 07/15/2023	9,668	9,650
	10,000	Molson Coors International L.P., 3.44% 07/15/2026	9,569	9,459
USD	9,000	Nabors Industries Inc., 5.75% 02/01/2025	11,188	9,300
	25,000	National Bank of Canada 2.404% 10/28/2019	25,736	25,005
USD	6,000	National Westminster Bank PLC, FRN, 2.8125% 08/29/2049	3,892	6,050
USD	10,000	National Westminster Bank PLC, FRN, 3% 12/31/2049	6,486	10,100
USD	26,000	Nationstar Mortgage LLC/Nationstar Capital Corp., 6.5% 06/01/2022	30,551	34,778
USD	26,000	Nationstar Mortgage LLC/Nationstar Capital Corp., 6.5% 07/01/2021	30,977	34,600
USD	13,000	Navios Maritime Holdings Inc./Navios Maritime Finance II US Inc., 7.375% 01/15/2022	13,608	11,179
USD	11,000	Navios South American Logistics Inc./Navios Logistics Inc., 7.25% 05/01/2022	12,269	13,588
USD	5,000	Netflix Inc., 5.75% 03/01/2024	5,539	6,918
USD	29,000	New Gold Inc., 6.25% 11/15/2022	32,545	33,249
USD	9,000	New Gold Inc., 6.375% 05/15/2025	11,076	9,336
USD	24,000	NGL Energy Partners L.P./NGL Energy Finance Corp., 6.125% 03/01/2025	31,390	28,172
USD	5,000	NGL Energy Partners L.P./NGL Energy Finance Corp., 7.5% 11/01/2023	6,776	6,552
	10,000	Nissan Canada Financial Services Inc., 1.75% 04/09/2020	10,000	9,859
USD	9,000	Northern Oil and Gas Inc., 9.5% 05/15/2023	11,732	11,824
	6,234	NorthWestConnect Group Partnership 5.95% 04/30/2041	7,901	7,349
USD	6,000	NOVA Chemicals Corp., 4.875% 06/01/2024	8,088	7,391
USD	5,000	NOVA Chemicals Corp., 5.25% 06/01/2027	6,740	6,040
USD	13,000	NuFarm Australia Ltd./Nufarm Americas Inc., 5.75% 04/30/2026	16,530	16,173
USD	7,000	NuStar Logistics L.P., 6.75% 02/01/2021	7,230	9,626
	13,000	NuVista Energy Ltd., 6.5% 03/02/2023	13,000	12,339
USD	1,000	Ortho-Clinical Diagnostics Inc./Ortho-Clinical Diagnostics S.A., 6.625% 05/15/2022	1,050	1,228

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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
CORPORATE BONDS (17.9%) (cont'd)				
USD	5,000	Park Aerospace Holdings Ltd., 4.5% 03/15/2023	6,092	6,381
USD	4,000	Park Aerospace Holdings Ltd., 5.25% 08/15/2022	5,331	5,282
	7,000	Parkland Fuel Corp 6.5% 01/21/2027	7,000	6,772
	15,000	Parkland Fuel Corp., 5.625% 05/09/2025	15,000	14,244
	19,000	Parkland Fuel Corp., 5.75% 09/16/2024	19,005	18,565
USD	9,000	Parkland Fuel Corp., 6% 04/01/2026	11,771	11,516
USD	1,000	Parsley Energy LLC/Parsley Finance Corp., 5.25% 08/15/2025	1,315	1,235
USD	4,000	Parsley Energy LLC/Parsley Finance Corp., 5.375% 01/15/2025	5,293	5,023
USD	7,000	Parsley Energy LLC/Parsley Finance Corp., 5.625% 10/15/2027	9,040	8,683
	10,000	Pembina Pipeline Corp., 3.54% 02/03/2025	10,073	9,877
	15,000	Pembina Pipeline Corp., 4.74% 01/21/2047	14,940	14,325
	19,000	Penske Truck Leasing Canada Inc., 2.85% 12/07/2022	19,041	18,635
	13,000	Penske Truck Leasing Canada Inc., 2.95% 06/12/2020	13,249	13,014
	9,000	PepsiCo Inc., 2.15% 05/06/2024	8,994	8,626
	12,000	Power Corporation of Canada 4.455% 07/27/2048	12,000	12,002
	5,000	Power Corporation of Canada 4.81% 01/31/2047	5,000	5,187
	14,000	Power Corporation of Canada 8.57% 04/22/2039	22,821	21,268
USD	5,000	Precision Drilling Corp., 5.25% 11/15/2024	5,418	5,664
USD	6,000	Precision Drilling Corp., 7.75% 12/15/2023	8,039	7,545
USD	22,000	Project Homestake Merger Corp., 8.875% 03/01/2023*	27,545	22,108
USD	21,000	Rayonier AM Products Inc., 5.5% 06/01/2024	22,987	25,295
	20,000	Real Estate Asset Liquidity Trust 3.5% 05/12/2025**	19,507	18,902
	32,000	Reliance L.P., 3.813% 09/15/2020	32,421	32,322
	15,000	Reliance L.P., 3.836% 03/15/2025	15,021	14,713
	4,000	Reliance L.P., 4.075% 08/02/2021	4,192	4,060
	27,000	Reliance L.P., 5.187% 03/15/2019	28,336	27,139
USD	7,000	Reynolds Group Issuer Inc./Reynolds Group Issuer LLC 7% 07/15/2024	9,016	9,101
	6,000	RioCan Real Estate Investment Trust 2.83% 10/03/2022	5,933	5,860
	3,000	RioCan Real Estate Investment Trust 3.746% 05/30/2022	3,131	3,031
	4,000	RioCan Real Estate Investment Trust 3.85% 06/28/2019	4,215	4,025
USD	18,000	Rite Aid Corp., 6.125% 04/01/2023	21,779	19,409
USD	11,000	Rite Aid Corp., 7.7% 02/15/2027	13,100	9,909
USD	20,000	Rockpoint Gas Storage Canada Ltd., 7% 03/31/2023	24,867	25,660
	11,000	Rogers Communications Inc., 5.34% 03/22/2021	12,534	11,534
	8,000	Rogers Communications Inc., 5.38% 11/04/2019	8,886	8,178
	12,000	Rogers Communications Inc., 6.11% 08/25/2040	15,286	14,108
	16,000	Royal Bank of Canada 2.03% 03/15/2021	16,129	15,774
	29,000	Royal Bank of Canada 2.36% 12/05/2022	28,997	28,447
	5,000	Royal Bank of Canada 2.949% 05/01/2023*	5,000	5,008
	21,000	Royal Bank of Canada 3.31% 01/20/2026	21,592	21,090
	9,000	Royal Bank of Canada, FRN, 2.99% 12/06/2024	9,306	9,019
USD	5,000	Scientific Games Corp., 5% 10/15/2025	6,214	6,091
USD	11,000	Scientific Games International Inc., 10% 12/01/2022	11,148	15,239
USD	24,000	Scientific Games International Inc., 6.25% 09/01/2020	23,736	31,447
USD	15,000	Scientific Games International Inc., 6.625% 05/15/2021	18,005	19,399
	19,528	SEC L.P. and Arci Ltd., 5.188% 08/29/2033	21,830	20,341
USD	18,000	Seven Generations Energy Ltd., 5.375% 09/30/2025	22,385	21,989
USD	12,000	Seven Generations Energy Ltd., 6.875% 06/30/2023	15,003	16,133
USD	2,000	SFR Group S.A., 6.25% 05/15/2024	2,284	2,546
USD	3,000	SFR Group S.A., 7.375% 05/01/2026	4,060	3,757
	9,000	Shaw Communications Inc., 5.65% 10/01/2019	9,887	9,192
	6,000	Shaw Communications Inc., 6.75% 11/09/2039	7,408	7,132
USD	3,000	Shea Homes L.P./Shea Homes Funding Corp., 5.875% 04/01/2023	3,828	3,695
USD	5,000	Shea Homes L.P./Shea Homes Funding Corp., 6.125% 04/01/2025	6,374	6,040
USD	6,000	Silversea Cruises Ltd., 7.25% 02/01/2025	7,968	8,658
	10,000	SmartCentres Real Estate Investment Trust 3.444% 08/28/2026*	9,999	9,497
	11,000	SmartCentres Real Estate Investment Trust 3.73% 07/22/2022	11,662	11,063

*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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
		CORPORATE BONDS (17.9%) (cont'd)		
	9,000	SmartCentres Real Estate Investment Trust 3.834% 12/21/2027	9,000	8,643
USD	15,000	SPL Logistics Escrow LLC/SPL Logistics Finance Corp., 8.875% 08/01/2020	16,098	17,812
USD	2,000	Spring Corp., 7.625% 03/01/2026	2,524	2,696
USD	47,000	Sprint Capital Corp., 6.875% 11/15/2028	51,308	60,622
USD	7,000	Sprint Corp., 7.125% 06/15/2024	8,116	9,462
USD	3,963	Stars Group Holdings B.V., Term Loan B, Private Placement, variable rate, 07/29/2025	5,183	5,215
USD	12,000	Stars Group Holdings B.V./Stars Group U.S. Co-Borrower LLC 7% 07/15/2026	15,946	15,928
	25,635	Strait Crossing Development Inc., 6.17% 09/15/2031	28,959	27,557
USD	19,000	Studio City Finance Ltd., 8.5% 12/01/2020	23,178	25,933
USD	5,000	Summit Materials LLC/Summit Materials Finance Corp., 6.125% 07/15/2023	6,538	6,756
	15,000	Sun Life Capital Trust 7.093% 06/30/2052	19,672	19,479
	12,000	Sun Life Capital Trust II 5.863% 12/31/2108	13,166	12,336
	10,000	Sun Life Financial Inc., 3.05% 09/19/2028*	10,092	9,890
	6,000	Suncor Energy Inc., 4.34% 09/13/2046	6,070	6,005
	9,000	TD Capital Trust IV 9.523% 06/30/2049	10,438	9,290
USD	6,000	Teck Resources Ltd., 5.4% 02/01/2043	7,746	7,125
USD	31,000	Teck Resources Ltd., 6% 08/15/2040	44,060	39,350
USD	11,000	Teine Energy Ltd., 6.875% 09/30/2022	12,225	14,564
	8,000	TELUS Corp., 4.75% 01/17/2045	8,726	7,841
	15,000	Teranet Holdings L.P., 5.754% 12/17/2040	18,109	15,226
USD	9,000	TerraForm Power Operating LLC 5% 01/31/2028	11,340	10,810
	9,000	The Bank of Nova Scotia 1.83% 04/27/2022	8,889	8,713
	9,000	The Bank of Nova Scotia 1.9% 12/02/2021	8,997	8,773
	12,000	The Bank of Nova Scotia 2.29% 06/28/2024	11,999	11,570
	14,000	The Bank of Nova Scotia 2.36% 11/08/2022	13,998	13,721
	10,000	The Bank of Nova Scotia 2.98% 04/17/2023	9,997	10,015
	15,000	The Bank of Nova Scotia 3.1% 02/02/2028	14,995	14,890
USD	1,000	The Royal Bank of Scotland Group PLC 3.655% 12/31/2049	1,202	1,227
USD	16,000	The Royal Bank of Scotland Group PLC 7.5% 12/31/2049	20,405	21,620
USD	1,000	The Royal Bank of Scotland Group PLC 8% 12/31/2049	1,400	1,362
USD	11,000	The Royal Bank of Scotland Group PLC 8.625% 12/31/2049	14,369	15,539
	9,768	THP Partnership 4.394% 10/31/2046	10,663	10,474
USD	26,000	Tops Holding LLC/Tops Markets II Corp., Zero Coupon, 06/15/2022	3,080	3,190
USD	4,642	Tops Markets LLC 13% 11/19/2024	6,116	6,399
	30,000	Toronto-Dominion Bank 2.045% 03/08/2021	30,058	29,609
	29,000	Toronto-Dominion Bank 2.563% 06/24/2020	30,087	29,008
	10,000	Toronto-Dominion Bank 3.005% 05/30/2023	10,000	10,053
	5,000	Toronto-Dominion Bank 3.224% 07/25/2029	5,000	4,863
	15,000	Toronto-Dominion Bank 4.859% 03/04/2031	16,950	15,908
	1,000	Toyota Credit Canada Inc., 2.2% 02/25/2021	1,025	988
	10,000	Toyota Credit Canada Inc., 3.04% 07/12/2023	9,999	9,980
	5,000	TransCanada PipeLines Ltd., 4.18% 07/03/2048	4,998	4,592
	10,000	TransCanada PipeLines Ltd., 4.33% 09/16/2047	10,166	9,453
	29,000	TransCanada Trust 4.65% 05/18/2077	29,000	25,923
USD	10,000	TransCanada Trust 5.875% 08/15/2076	13,929	12,838
USD	9,000	TransDigm Inc., 6.375% 06/15/2026	11,912	11,424
USD	11,000	TransDigm Inc., 6.5% 05/15/2025	14,717	14,338
USD	10,000	TransMontaigne Partners L.P./TLP Finance Corp., 6.125% 02/15/2026	12,646	12,216
	7,659	Trillium Windpower L.P., 5.803% 02/15/2033	8,977	8,607
USD	10,000	Trinidad Drilling Ltd., 6.625% 02/15/2025	13,179	13,765
USD	4,000	Tronox Finance PLC 5.75% 10/01/2025	4,947	4,422
USD	3,000	Tutor Perini Corp., 6.875% 05/01/2025	3,982	3,808
USD	11,000	UBS Group AG 6.875% 12/31/2049	14,593	15,014
USD	35,000	UBS Group AG 6.875% 12/31/2049	45,911	45,861
USD	14,000	UBS Group AG 7.125% 12/31/2049	18,301	19,379
USD	10,000	UBS Group AG, FRN, 7% 12/31/2049	12,551	13,888

*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 December 31, 2018 (cont'd)

	No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
CORPORATE BONDS (17.9%) (cont'd)				
USD	8,000	Unitymedia Hessen GmbH & Co., KG/Unitymedia NRW GmbH 5% 01/15/2025	10,660	10,668
USD	7,000	Unitymedia KabelBW GmbH 6.125% 01/15/2025	7,820	9,601
USD	29,000	UPCB Finance IV Ltd., 5.375% 01/15/2025	35,152	37,014
USD	22,000	US Foods Inc., 5.875% 06/15/2024	28,965	29,202
USD	18,000	USB Realty Corp., FRN, 3.58331% 12/29/2049	18,123	21,252
USD	988	USI Inc., Term Loan B, Private Placement, variable rate, 05/16/2024	1,319	1,269
USD	38,000	Vertiv Group Corp., 9.25% 10/15/2024	48,185	47,717
USD	7,000	Virgin Media Secured Finance PLC 5.25% 01/15/2026	8,895	8,754
USD	1,000	Virgin Media Secured Finance PLC 5.5% 01/15/2025	1,387	1,345
USD	4,000	Wand Merger Corp., 8.125% 07/15/2023	5,325	5,323
USD	2,000	Wand Merger Corp., 9.125% 07/15/2026	2,653	2,655
USD	9,000	Wells Fargo & Co., 5.875% 12/31/2049	11,153	12,142
	17,257	West Edmonton Mall Property Inc., 4.056% 02/13/2024	18,362	17,460
USD	1,000	William Lyon Homes Inc., 5.875% 01/31/2025	1,296	1,160
USD	2,000	WMG Acquisition Corp., 4.875% 11/01/2024	2,641	2,586
USD	2,000	WMG Acquisition Corp., 5% 08/01/2023	2,617	2,655
	17,000	WTH Car Rental ULC 2.972% 07/20/2020	16,622	16,762
USD	2,000	Wyndham Hotels & Resorts Inc., 5.375% 04/15/2026	2,576	2,621
USD	8,000	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 5.5% 03/01/2025	10,081	10,182
USD	27,000	XLIT Ltd., 4.89381% 12/31/2049	26,194	34,386
USD	16,356	Xplornet Communications Inc., 9.625% 06/01/2022	21,813	21,878
USD	4,000	Yum! Brands Inc., 3.875% 11/01/2023	4,816	5,159
			5,412,162	5,459,499
CANADIAN GOVERNMENT BONDS (9.6%)				
	130,000	Canada Housing Trust No.1, 1.9% 09/15/2026	123,288	125,014
	150,000	Canada Housing Trust No.1, 2.55% 12/15/2023	149,667	151,644
	180,000	Government of Canada 1.25% 02/01/2020*	178,108	178,911
	2,000,000	Government of Canada 1.5% 06/01/2026	1,861,856	1,940,235
	32,000	Government of Canada 1.75% 05/01/2020*	31,830	31,966
	9,000	Government of Canada 1.75% 08/01/2020	8,948	8,986
	129,000	Government of Canada 2% 06/01/2028*	124,235	129,380
	38,000	Government of Canada 2% 09/01/2023*	37,351	38,191
	92,000	Government of Canada 2% 11/01/2020*	91,403	92,227
	45,000	Government of Canada 2.75% 12/01/2048*	49,317	50,586
	162,000	Government of Canada 2.75% 12/01/2064	184,952	190,125
	6,000	Government of Canada 3.75% 06/01/2019*	6,053	6,049
			2,847,008	2,943,314
PROVINCIAL BONDS (8.1%)				
	24,000	Province of British Columbia 2.95% 06/18/2050	23,857	23,471
	111,000	Province of British Columbia 3.2% 06/18/2044	116,695	113,102
	54,000	Province of British Columbia 6.35% 06/18/2031	78,724	73,551
	23,000	Province of Nova Scotia 4.7% 06/01/2041	29,188	28,367
	6,000	Province of Nova Scotia 6.6% 06/01/2027	8,314	7,699
	90,000	Province of Ontario 2.4% 06/02/2026	91,068	88,100
	311,000	Province of Ontario 2.6% 06/02/2025	321,846	310,318
	9,000	Province of Ontario 2.6% 06/02/2027*	8,871	8,874
	96,000	Province of Ontario 2.8% 06/02/2048*	91,756	88,895
	413,000	Province of Ontario 2.9% 06/02/2028*	410,052	415,543
	13,000	Province of Ontario 2.9% 06/02/2049	12,293	12,303
	208,000	Province of Ontario 3.5% 06/02/2024	224,277	217,914
	264,000	Province of Quebec 2.5% 09/01/2026	265,738	260,711
	197,000	Province of Quebec 2.75% 09/01/2025	203,862	198,681
	206,000	Province of Quebec 3% 09/01/2023	213,653	211,016
	169,000	Province of Quebec 3.5% 12/01/2048	184,779	180,842
	228,000	Province of Quebec 3.75% 09/01/2024	250,039	242,583
			2,535,012	2,481,970

*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 December 31, 2018 (cont'd)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
PREFERRED SHARES (3.8%)			
450	AltaGas Ltd., Preferred 4.75%, Series G	10,400	7,767
525	AltaGas Ltd., Preferred 5%, Series K	13,338	9,870
1,000	Bank of Montreal, Non-Cumulative Preferred	21,402	23,000
450	Bank of Montreal, Preferred 4.4%, Series 42	11,250	9,900
875	Bank of Montreal, Preferred 4.5%, Series 40	21,875	19,670
200	Bank of Montreal, Preferred 4.85%, Series 38	5,085	5,082
200	Bank of Montreal, Preferred 5%, Series 35	5,141	4,930
200	BCE Inc., Preferred 5.45%, Series AA	3,392	3,310
75	BCE Inc., Preferred 5.54%, Series AC	1,308	1,337
1,000	BCE Inc., Preferred, Series AE	16,945	17,380
875	BCE Inc., Preferred, Series AJ	14,748	15,208
1,050	Brookfield Asset Management Inc., Preferred 4.75%, Series 17	24,118	21,262
1,025	Brookfield Asset Management Inc., Preferred 4.8%, Series 46	26,194	26,138
1,100	Brookfield Asset Management Inc., Preferred, Series 2	13,668	15,554
450	Brookfield Office Properties Inc., Preferred 5.1%, Series EE	11,365	9,742
300	Brookfield Office Properties Inc., Preferred 5.1%, Series R	6,562	5,586
1,350	Brookfield Office Properties Inc., Preferred 5.15%, Series P	27,377	23,355
250	Brookfield Office Properties Inc., Preferred 6%, Series CC	6,682	6,360
400	Brookfield Renewable Power Preferred Equity Inc., Preferred 5%, Series 6	8,762	7,700
1,250	Canadian Imperial Bank of Commerce, Preferred 4.4%, Series 45	31,254	27,762
50	Canadian Utilities Ltd., Preferred 4.5%, Series FF	1,311	1,300
1,175	Canadian Utilities Ltd., Preferred 4.9%, Series BB	28,176	25,756
200	Canadian Utilities Ltd., Preferred 5.25%, Series EE	5,095	4,850
400	Capital Power Corp., Preferred 4.5%, Series 5	7,862	8,488
100	Capital Power Corp., Preferred 4.6%, Series 3	2,010	2,150
700	Capital Power Corp., Preferred 5.75%, Series 9	17,500	17,479
500	Capital Power Corp., Preferred 6%, Series 7	12,961	12,600
1,200	Citigroup Capital XIII, Preferred 7.875%	42,301	43,289
535	Citigroup Inc., Preferred 6.875%, Series K	14,714	19,147
350	CU Inc., Preferred 4.6%, Series 1	7,877	7,238
250	E-L Financial Corp., Ltd., Preferred 4.75%, Series 2	5,801	5,252
350	E-L Financial Corp., Ltd., Preferred 5.3%, Series 1	8,745	8,270
925	Enbridge Inc., Preferred 4%, Series 1	29,409	26,513
875	Enbridge Inc., Preferred 4%, Series 3	16,872	13,764
500	Enbridge Inc., Preferred 4%, Series F	9,954	8,800
300	Enbridge Inc., Preferred 4%, Series N	6,324	5,562
50	Enbridge Inc., Preferred 4.4%, Series 11	1,025	832
200	Enbridge Inc., Preferred 4.4%, Series 5	6,090	5,279
600	Enbridge Inc., Preferred 5.15%, Series 17	15,000	14,838
325	Fortis Inc., Preferred 4.9%	7,720	7,274
875	George Weston Ltd., Preferred 5.8%, Series 1	22,667	21,744
300	GMAC Capital Trust, Preferred 8.125%, Series 2	8,057	10,380
400	Great-West Lifeco Inc., Preferred 4.5%, Series I	8,874	7,992
100	Great-West Lifeco Inc., Preferred 5.15%, Series Q	2,342	2,236
1,550	Great-West Lifeco Inc., Preferred 5.15%, Series T	38,750	34,642
200	Great-West Lifeco Inc., Preferred 5.25%, Series S	5,061	4,712
500	Industrial Alliance Insurance and Financial Services Inc., Preferred 4.6%	11,332	10,400
500	Intact Financial Corp., Preferred 5.2%, Series 5	12,500	11,230
1,400	Kinder Morgan Canada Ltd., Preferred 5.25%, Series 1	35,000	30,730
350	Loblaw Co., Ltd., Preferred 5.3%, Series B	8,916	8,421
875	Manulife Financial Corp., Preferred 4.65%, Series 2, Class A	20,086	17,876
200	Manulife Financial Corp., Preferred, Series 3, Class A	4,411	3,970
1,800	Morgan Stanley, Preferred 6.875%	47,887	63,632
300	National Bank of Canada, Preferred 3.9%, Series 32	6,459	5,568
950	National Bank of Canada, Preferred 4.45%, Series 38	23,750	21,042
500	National Bank of Canada, Preferred 4.95%, Series 42	12,500	10,940
450	National Bank of Canada, Preferred 5.4%, Series 36	11,685	11,480

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 December 31, 2018 (cont'd)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
PREFERRED SHARES (3.8%) (cont'd)			
100	National Bank of Canada, Preferred 5.6%, Series 34*	2,646	2,574
1,967	NuStar Energy L.P., Preferred 7.625%, Series B	63,249	48,353
400	Power Corporation of Canada, Non-Cumulative Preferred 5.6%	10,370	9,824
300	Power Corporation of Canada, Preferred 5%, Series D	7,276	6,474
100	Power Corporation of Canada, Preferred 5.6%	2,562	2,405
400	Power Financial Corp., Preferred 4.8%, Series S	9,442	8,384
225	Power Financial Corp., Preferred 4.95%, Series K	5,435	4,792
400	Power Financial Corp., Preferred 5.1%, Series L	9,966	8,916
1,750	Power Financial Corp., Preferred 5.15%, Series V	43,750	38,798
400	Power Financial Corp., Preferred 5.5%, Series R	10,346	9,500
50	Royal Bank of Canada, Preferred 3.6%, Series BD	1,159	1,062
500	Royal Bank of Canada, Preferred 3.9%, Series BB*	11,030	9,835
600	Royal Bank of Canada, Preferred 5.25%, Series BJ	15,573	14,946
300	Royal Bank of Canada, Preferred 5.5%, Series BK	7,918	7,725
200	Sempra Energy, Preferred 6%, Series A	24,936	25,963
400	Sun Life Financial Inc., Preferred 3.9%, Series 10R	7,902	7,340
200	Sun Life Financial Inc., Preferred 4.25%, Series 12R	4,551	4,066
825	Sun Life Financial Inc., Preferred 4.45%, Series 4	18,459	16,673
975	Sun Life Financial Inc., Preferred 4.75%, Series 1, Class A	22,869	20,758
300	Sun Life Financial Inc., Preferred 4.8%, Series 2	7,112	6,420
50	Sun Life Financial Inc., Preferred, Series 8R, Class A	818	760
875	The Bank of Nova Scotia, Preferred 1.528%, Series 31	19,153	21,105
700	The Bank of Nova Scotia, Preferred 3.7%, Series 32	15,662	16,324
550	The Bank of Nova Scotia, Preferred 3.85%, Series 30	12,441	13,118
700	The Bank of Nova Scotia, Preferred 4.85%, Series 38	18,012	17,647
600	Toronto-Dominion Bank, Preferred 4.75%, Series 18	15,000	13,350
350	Toronto-Dominion Bank, Preferred, Series 3	7,663	6,842
500	TransAlta Corp., Preferred 5%, Series E	9,985	8,335
200	TransAlta Corp., Preferred, Series C	3,578	2,862
700	TransCanada Corp., Preferred 4.9%, Series 15	18,120	17,304
200	TransCanada Corp., Preferred Perpetual 4.4%, Series 5	3,161	2,836
225	Westcoast Energy Inc., Preferred 5.2%, Series 12	5,775	5,648
		1,223,809	1,157,528
EXCHANGE-TRADED FUND(S) (0.2%)			
686	SPDR S&P Biotech ETF*	77,799	67,181
REITS (0.1%)			
16	Sovereign REIT, Preferred 12%, Series 144A	21,450	24,405
FUND(S) (0.0%)			
6	Signature Cash Management Fund (Class C)†	64	64

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

*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 December 31, 2018 (cont'd)

No. of Shares/ Par Value	Description	Average Cost (\$)	Fair Value (\$)
100	WARRANTS (0.0%) Canadian International Oil Corp., Warrants (31Dec49)	-	58
	Commissions and Other Portfolio Transaction Costs	(17,220)	
	Total Investment Portfolio before Derivatives Instruments (101.3%)	31,089,003	30,918,747
	Foreign Currency Forward Contracts (-0.6%) (see Schedule A)		(195,052)
	Total Investments Portfolio (100.7%)	<u>31,089,003</u>	30,723,695
	Other Net Assets (Liabilities) (-0.7%)		(190,926)
	Net Assets Attributable to Holders of Redeemable Units (100.0%)		<u>30,532,769</u>

Principal amounts stated in:

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

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 December 31, 2018 (cont'd)

Schedule A

Foreign Currency Forward Contracts (-0.6%)

Contracts	Counterparty	Credit Rating of the Counterparty [†]	Settlement Date	Contracts Rate	Pay	Receive	Unrealized Gain (Loss) (\$)
1	Bank of Montreal	A-1	18-Mar-19	83.23	(19,528,000) Japanese Yen	234,633 Canadian \$	(9,651)
1	Bank of Montreal	A-1	25-Mar-19	0.75	(25,266) US \$	33,523 Canadian \$	(890)
1	Bank of Montreal	A-1	20-Feb-19	0.76	(87,312) US \$	115,440 Canadian \$	(3,569)
1	Canadian Imperial Bank of Commerce	A-1	25-Mar-19	0.75	(20,808) Canadian \$	15,704 US \$	581
1	Canadian Imperial Bank of Commerce	A-1	18-Mar-19	0.65	(222,000) Euro	341,882 Canadian \$	(6,822)
1	Canadian Imperial Bank of Commerce	A-1	18-Mar-19	83.30	(19,528,000) Japanese Yen	234,437 Canadian \$	(9,847)
1	Canadian Imperial Bank of Commerce	A-1	25-Mar-19	0.75	(109,117) US \$	144,526 Canadian \$	(4,094)
1	Canadian Imperial Bank of Commerce	A-1	24-Jan-19	0.77	(129,795) US \$	167,968 Canadian \$	(9,057)
1	Canadian Imperial Bank of Commerce	A-1	25-Mar-19	0.75	(18,497) US \$	24,511 Canadian \$	(682)
1	Canadian Imperial Bank of Commerce	A-1	20-Feb-19	0.76	(90,805) US \$	119,802 Canadian \$	(3,967)
1	Citigroup Inc.	A-2	18-Mar-19	0.59	(23,865) Canadian \$	14,000 British Pound	540
1	Citigroup Inc.	A-2	25-Mar-19	0.76	(2,808) Canadian \$	2,125 US \$	87
1	Citigroup Inc.	A-2	18-Mar-19	81.12	(35,366) Canadian \$	2,869,000 Japanese Yen	527
1	Citigroup Inc.	A-2	18-Mar-19	0.59	(15,299) Canadian \$	9,000 British Pound	389
1	Citigroup Inc.	A-2	25-Mar-19	0.75	(15,722) US \$	20,886 Canadian \$	(528)
1	Citigroup Inc.	A-2	25-Mar-19	0.75	(18,497) US \$	24,538 Canadian \$	(655)
1	Citigroup Inc.	A-2	24-Jan-19	0.77	(292,038) US \$	378,737 Canadian \$	(19,568)
1	Citigroup Inc.	A-2	25-Mar-19	0.75	(43,735) US \$	58,019 Canadian \$	(1,550)
1	Citigroup Inc.	A-2	20-Feb-19	0.76	(90,585) US \$	119,513 Canadian \$	(3,957)
1	HSBC Holdings PLC	A-1	18-Mar-19	0.58	(78,000) British Pound	134,027 Canadian \$	(1,945)
1	HSBC Holdings PLC	A-1	25-Mar-19	0.75	(20,802) Canadian \$	15,704 US \$	588
1	HSBC Holdings PLC	A-1	25-Mar-19	0.76	(4,146) Canadian \$	3,141 US \$	132
1	HSBC Holdings PLC	A-1	18-Mar-19	0.65	(222,000) Euro	341,719 Canadian \$	(6,985)
1	HSBC Holdings PLC	A-1	25-Mar-19	0.75	(130,350) US \$	172,994 Canadian \$	(4,547)
1	HSBC Holdings PLC	A-1	24-Jan-19	0.77	(162,243) US \$	210,652 Canadian \$	(10,628)
1	HSBC Holdings PLC	A-1	24-Jan-19	0.77	(162,243) US \$	210,656 Canadian \$	(10,624)
1	HSBC Holdings PLC	A-1	25-Mar-19	0.75	(55,490) US \$	73,663 Canadian \$	(1,917)
1	JPMorgan Chase & Co.	A-2	18-Mar-19	0.58	(78,000) British Pound	134,000 Canadian \$	(1,972)
1	JPMorgan Chase & Co.	A-2	25-Mar-19	0.75	(20,822) Canadian \$	15,704 US \$	568
1	JPMorgan Chase & Co.	A-2	20-Feb-19	0.76	(130,968) US \$	172,869 Canadian \$	(5,644)
1	JPMorgan Chase & Co.	A-2	24-Jan-19	0.77	(259,589) US \$	337,240 Canadian \$	(16,809)
1	JPMorgan Chase & Co.	A-2	25-Mar-19	0.76	(87,471) US \$	115,855 Canadian \$	(3,282)
1	Morgan Stanley	A-2	18-Mar-19	1.40	(16,800) Canadian \$	12,000 Swiss Franc	(44)
1	Morgan Stanley	A-2	20-Feb-19	0.76	(130,968) US \$	173,159 Canadian \$	(5,355)
1	Morgan Stanley	A-2	25-Mar-19	0.75	(13,633) US \$	18,095 Canadian \$	(474)
1	Morgan Stanley	A-2	25-Mar-19	0.75	(18,497) US \$	24,543 Canadian \$	(650)
1	Morgan Stanley	A-2	24-Jan-19	0.77	(249,854) US \$	325,169 Canadian \$	(15,604)
1	Morgan Stanley	A-2	25-Mar-19	0.75	(43,735) US \$	58,015 Canadian \$	(1,554)
1	Morgan Stanley	A-2	25-Mar-19	0.75	(4,624) US \$	6,134 Canadian \$	(164)
1	Morgan Stanley	A-2	25-Mar-19	0.75	(7,399) US \$	9,820 Canadian \$	(257)
1	Royal Bank of Canada	A-1+	25-Mar-19	0.75	(20,807) Canadian \$	15,704 US \$	582
1	Royal Bank of Canada	A-1+	25-Mar-19	0.74	(233,368) Canadian \$	172,000 US \$	924
1	Royal Bank of Canada	A-1+	25-Mar-19	0.75	(242,881) Canadian \$	182,000 US \$	5,015
1	Royal Bank of Canada	A-1+	25-Mar-19	0.75	(5,681) Canadian \$	4,288 US \$	160
1	Royal Bank of Canada	A-1+	18-Mar-19	5.79	(9,678) Canadian \$	56,000 Hong Kong \$	88
1	Royal Bank of Canada	A-1+	18-Mar-19	5.82	(461,000) Hong Kong Dollars	79,157 Canadian \$	(1,237)
1	Royal Bank of Canada	A-1+	18-Mar-19	0.73	(197,000) Swiss Franc	268,696 Canadian \$	(6,353)
1	Royal Bank of Canada	A-1+	24-Jan-19	0.77	(107,431) US \$	139,005 Canadian \$	(7,518)
1	Royal Bank of Canada	A-1+	25-Mar-19	0.75	(9,248) US \$	12,273 Canadian \$	(323)

[†]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 December 31, 2018 (cont'd)

Schedule A

Foreign Currency Forward Contracts (-0.6%) (cont'd)

Contracts	Counterparty	Credit Rating of the Counterparty [†]	Settlement Date	Contracts Rate	Pay	Receive	Unrealized Gain (Loss) (\$)
1	Toronto-Dominion Bank	A-1+	18-Mar-19	0.64	(54,357) Canadian \$	35,000 Euro	620
1	Toronto-Dominion Bank	A-1+	25-Mar-19	0.75	(5,204) Canadian \$	3,926 US \$	144
1	Toronto-Dominion Bank	A-1+	20-Feb-19	0.76	(158,340) US \$	209,216 Canadian \$	(6,606)
1	Toronto-Dominion Bank	A-1+	25-Mar-19	0.75	(19,126) US \$	25,404 Canadian \$	(647)
1	Toronto-Dominion Bank	A-1+	24-Jan-19	0.77	(297,490) US \$	385,720 Canadian \$	(20,021)
Total Foreign Currency Forward Contracts Value							(195,052)

[†]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

Trust Specific Notes to Financial Statements

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 December 31, 2018

	Gross Assets/ (Liabilities) (in \$000's)	Amounts Eligible for Offset		Net Exposure (in \$000's)
		Financial Instruments (in \$000's)	Collateral Received/(Paid) (in \$000's)	
Derivative assets - Foreign currency forward contracts	11	(11)	-	-
Derivative assets - Swaps and swaptions	-	-	-	-
Total	11	(11)	-	-
Derivative liabilities - Foreign currency forward contracts	(206)	11	-	(195)
Derivative liabilities - Swaps and swaptions	-	-	-	-
Total	(206)	11	-	(195)

as at December 31, 2017

	Gross Assets/ (Liabilities) (in \$000's)	Amounts Eligible for Offset		Net Exposure (in \$000's)
		Financial Instruments (in \$000's)	Collateral Received/(Paid) (in \$000's)	
Derivative assets - Foreign currency forward contracts	91	(8)	-	83
Derivative assets - Swaps and swaptions	-	-	-	-
Total	91	(8)	-	83
Derivative liabilities - Foreign currency forward contracts	(8)	8	-	-
Derivative liabilities - Swaps and swaptions	-	-	-	-
Total	(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 December 31, 2018

Non-Consolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETFs (in \$000's)	Fair Value of the Trust's Investment in the Underlying Fund(s) / ETFs (in \$000's)	Ownership in the Underlying Fund(s) / ETFs (%)
Signature Cash Management Fund (Class C)	2	-	3.6
SPDR S&P Biotech ETF	4,903,856	67	-

as at December 31, 2017

Non-Consolidated Structured Entities	Fair Value of the Underlying Fund(s) / ETFs (in \$000's)	Fair Value of the Trust's Investment in the Underlying Fund(s) / ETFs (in \$000's)	Ownership in the Underlying Fund(s) / ETFs (%)
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

Commissions (Note 2)

for the years ended December 31 (in \$000's)

	2018	2017
Brokerage commissions	35	34
Soft dollar commissions [†]	8	6

Redeemable Unit Transactions (Note 4)

for the years ended December 31

	2018	2017
Class A		
Number of redeemable units at the beginning of year	4,635,727	5,009,863
Redeemable units issued for cash	-	-
Redeemable units issued for reinvested distributions	24,789	24,036
Redeemable units redeemed	(252,135)	(398,172)
Redeemable units purchased for cancellation (Note 6)	(1,818)	-
Number of redeemable units at the end of year	4,406,563	4,635,727

Securities Lending (Note 7)

as at December 31 (in \$000's)

	2018	2017
Loaned	1,653	1,872
Collateral (non-cash)	1,691	1,910

Securities Lending Revenue Reconciliation (Note 7)

for the years ended December 31 (in \$000's)

	2018	2017
Gross securities lending revenue	7	7
Charges	(1)	(1)
Securities lending revenue	6	6
% of gross securities lending revenue	14.3	14.3

Loss Carry Forwards (Note 8)

as at December 31 (in \$000's)

	2018
Net capital loss carried forward:	-
Non-capital losses expiring:	
2028	-
2029	-
2030	-
2031	-
2032	-
2033	-
2034	-
2035	-
2036	-
2037	-
2038	-
Total	-

[†]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

Related Party Investments (Note 10)

as at December 31 (in \$'000's)

Investments	2018
CI Financial Corp.	79
Signature Cash Management Fund (Class C)	-

Investments	2017
Signature Cash Management Fund (Class C)	-

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

Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements

Financial Instruments Risks (Note 11)

Concentration Risk

For Concentration Risk as at December 31, 2018, refer to the Schedule of Investment Portfolio.

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

as at December 31, 2017

Categories	Net Assets (%)
Common Equities	70.4
Corporate Bonds	16.7
Provincial Bonds	8.2
Preferred Shares	3.7
Exchange-Traded Fund(s)	2.2
Warrants	1.0
Canadian Government Bonds	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)

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 December 31, 2018

Credit Rating^{A*}	Net Assets (%)
AAA/Aaa/A++	10.5
AA/Aa/A+	4.4
A	7.4
BBB/Baa/B++	6.6
BB/Ba/B+	5.6
B	3.8
CCC/Caa/C++	0.8
CC/Ca/C+	0.1
Not Rated	0.4
Total	39.6

as at December 31, 2017

Credit Rating^{A*}	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
Total	31.6

^ACredit 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.

Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements

Other Price Risk

As at December 31, 2018 and 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 December 31, 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 \$2,003,000 (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 December 31, 2018~

Currency	Financial Instruments Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (in \$000's)	Net Assets (%)
U.S. Dollar	9,562	(3,467)	6,095	20.0
Euro	1,275	(640)	635	2.1
Japanese Yen	905	(451)	454	1.5
Korean Won	417	-	417	1.4
Swiss Franc	525	(257)	268	0.9
British Pound	451	(231)	220	0.7
Swedish Krona	156	-	156	0.5
Danish Krone	89	-	89	0.3
Hong Kong Dollar	139	(71)	68	0.2
Total	13,519	(5,117)	8,402	27.6

as at December 31, 2017~

Currency	Financial Instruments Exposure (in \$000's)	Derivatives (in \$000's)	Net Exposure (in \$000's)	Net Assets (%)
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
Total	20,613	(7,914)	12,699	33.1

~Includes monetary and non-monetary instruments.

As at December 31, 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 \$840,000 (December 31, 2017 - \$1,270,000). In practice, the actual results may differ from this analysis and the difference may be material.

Skylon Growth & Income Trust

Trust Specific Notes to Financial Statements

Interest Rate Risk

The tables below summarize the Trust's exposure to interest rate risk, categorized by the contractual maturity date.

as at December 31, 2018

	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	1,900	1,188	1,617	7,915	12,620

as at December 31, 2017

	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	2,413	836	1,705	7,573	12,527

As at December 31, 2018, had the prevailing interest rates increased or decreased by 0.25% (December 31, 2017 - 0.25%), with all other variables held constant, net assets attributable to holders of redeemable units of the Trust would have indirectly decreased or increased, respectively, by approximately \$172,000 (December 31, 2017 - \$167,000). 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 December 31, 2018

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equities	19,812	118	37	19,967
Bonds	-	10,865	20	10,885
Exchange-traded fund(s)	67	-	-	67
Warrants	-	-	-	-
Foreign currency forward contracts, net	-	(195)	-	(195)
Total	19,879	10,788	57	30,724

During the year ended December 31, 2018, investments with a fair value of \$1,000 were transferred out of Level 1 into Level 2 as quoted market prices were no longer available for these investments.

There were no transfers between Level 1 and 3 during the year ended December 31, 2018.

Long Positions at fair value as at December 31, 2017

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (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
Total	29,377	10,869	15	40,261

There were no transfers between Level 1 and 2 and Level 1 and 3 during 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

Level 3 Reconciliation

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

for the year ended December 31, 2018

	Balance at Dec. 31, 2017 (in \$000's)	Purchases (in \$000's)	Sales (in \$000's)	Transfers In (in \$000's)	Transfers (Out) (in \$000's)	Realized Gain (Loss) (in \$000's)	Unrealized Gain (Loss)* (in \$000's)	Balance at Dec. 31, 2018 (in \$000's)
Long Positions/Assets:								
Equities	-	20	-	2	-	-	15	37
Bonds	-	20	-	5	-	(16)	11	20
Warrants	15	-	-	-	-	-	(15)	-
Total	15	40	-	7	-	(16)	11	57

*Change in unrealized gain (loss) related to investments held at December 31, 2018 was \$2,366.

During the year ended December 31, 2018, investments with a fair value of \$7,000 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 Dec. 31, 2016 (in \$000's)	Purchases (in \$000's)	Sales (in \$000's)	Transfers In (in \$000's)	Transfers (Out) (in \$000's)	Realized Gain (Loss) (in \$000's)	Unrealized Gain (Loss)** (in \$000's)	Balance at Dec. 31, 2017 (in \$000's)
Long Positions/Assets:								
Bonds	79	-	(2)	-	(81)	-	4	-
Warrants	12	-	-	-	-	-	3	15
Total	91	-	(2)	-	(81)	-	7	15

**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 as at December 31, 2018 and 2017.

Skylon Growth & Income Trust

Notes to the Financial Statements

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 March 7, 2019. 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* as published by the *International Accounting Standards Board* ("IFRS").

Transition to IFRS 9

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.

The following is a summary of the significant accounting policies of the Trust:

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.

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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

b. Fair value of financial instruments

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 received 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 and bank overdraft.

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.

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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

As at December 31, 2018 and 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 year.

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. 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 year 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 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.

m. 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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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 maybe 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.

n. 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.

o. 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.

p. Non-cash Transactions

The "Proceeds from issuance of redeemable units" and "Amounts paid on redemption of redeemable units" in the Statements of Cash Flow exclude non-cash transactions.

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 year. 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 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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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.

IFRS 10

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.

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 December 31, 2018, the fair value of the Trust's net assets attributable to holders of redeemable units based on the TSX closing market price was \$29,215,513 (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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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.

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 years ended December 31, 2018 and 2017, the Trust purchased 1,818 units at cost of \$12,471 for cancellation under the market purchase program (2017 – nil).

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.

Refer to Trust Specific Notes to Financial Statements for further information relating to Loss Carry Forwards.

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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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 years ended December 31, 2018 and 2017, the Trust executed inter-fund trades.

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

AAA/Aaa/A++
AA/Aa/A+
A
BBB/Baa/B++
BB/Ba/B+
B
CCC/Caa/C++
CC/Ca/C+
C and Lower
Not Rated

Credit Rating as per Derivatives Schedules

A-1+
A-1, A-2, A-3
B, B-1
B-2
B-3
C
-
-
D
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 December 31, 2018 was AA- (December 31, 2017 – AA-).

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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.

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.

Skylon Growth & Income Trust

Notes to the Financial Statements (cont'd)

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.

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

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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**.

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Ticker Symbol

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