



COVINGTON VENTURE FUND INC.

Series VI

Series VII

Series VIII

Series IX

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NOTICE PURSUANT TO NATIONAL INSTRUMENT 81-106

The enclosed unaudited semi-annual financial statements were not reviewed by the Auditors of Covington Venture Fund Inc.

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COVINGTON VENTURE FUND INC. – SERIES VI

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

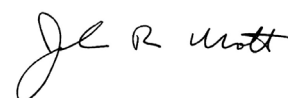
[in \$ thousands except per share amounts and number of shares]

As at	January 31, 2015 \$	July 31, 2014 \$	August 1, 2013 \$
ASSETS AND LIABILITIES			
Assets			
Cash	786	181	729
Marketable securities	4,503	5,430	7,145
Venture investments	2,079	2,034	2,307
Accrued interest receivable	2	-	-
	7,370	7,645	10,181
Liabilities			
Accrued expenses [Note 7]	4,048	3,991	4,824
Redemptions payable	-	-	10
	4,048	3,991	4,834
Net assets attributable to holders of redeemable shares	3,322	3,654	5,347
Redeemable Class A Shares outstanding [Note 5]	459,419	495,861	656,865
Net assets attributable to holders of redeemable shares, per share	\$ 7.23	\$ 7.37	\$ 8.14

On behalf of the Board of Directors:



Philip Reddon
Director



John R. Mott
Director

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

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

[in \$ thousands except per share amounts]

For the periods ended January 31,	2015	2014
	\$	\$
INCOME		
Accretion of discount on zero-coupon bonds	102	140
Other Realized gain on sale of investments	55	107
Change in unrealized depreciation of marketable securities	(121)	(159)
Change in unrealized appreciation/(depreciation) of venture investments	45	(174)
Other	1	-
	82	(86)
EXPENSES		
Investment advisory fees [Note 7]	35	49
Audit fees	32	28
Management fees [Note 7]	22	31
Harmonized Sales Tax	15	19
Shareholders' communication, marketing, administration and other	14	17
Transfer agent fees [Note 7]	10	15
Dealer service fees [Note 7]	7	12
Custodian fees	5	5
Directors' fees [Note 7]	4	1
Sponsor's fees [Note 7]	3	5
Legal fees	2	2
Independent Review Committee [Note 7]	2	1
	151	185
Increase (decrease) in net assets attributable to holders of redeemable shares	(69)	(271)
Increase (decrease) in net assets attributable to holders of redeemable shares per share (based on weighted average number of shares outstanding)	\$ (0.14)	\$ (0.44)

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

COVINGTON VENTURE FUND INC. – SERIES VI

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (UNAUDITED)

[in \$ thousands]

For the periods ended January 31,	2015 \$	2014 \$
Net assets attributable to holders of redeemable shares, beginning of period	3,654	5,347
Increase (decrease) in net assets attributable to holders of redeemable shares	(69)	(271)
REDEEMABLE SHARE TRANSACTIONS		
Class A Shares, Series VI		
Amounts paid for Class A Shares, Series VI redeemed	(263)	(657)
Net assets attributable to holders of redeemable shares, end of period	3,322	4,419
Realized gain on sale of investments		
Marketable securities		
Bonds, at amortized cost, beginning of period	5,153	6,678
Accretion of discount	102	140
Bonds purchased during the period	-	-
	5,255	6,818
Bonds, at amortized cost, end of period	3,848	5,027
Amortized cost of bonds sold	1,407	1,791
Proceeds from sale of bonds	1,462	1,898
Realized gain on sale of marketable securities	55	107
Venture investments		
Venture investments, at cost, beginning of period	3,000	3,000
Venture investments purchased during the period	-	-
	3,000	3,000
Venture investments, at cost, end of period	3,000	3,000
Cost of venture investments sold	-	-
Proceeds from sale of venture investments	-	-
Realized gain on sale of venture investments	-	-
Realized gain on sale of investments	55	107

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

STATEMENTS OF CASH FLOWS (UNAUDITED)

[in \$ thousands]

For the periods ended January 31,	2015 \$	2014 \$
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	(69)	(271)
Items not affecting cash:		
Accretion of bond interest	(102)	(140)
Realized gain on sale of investments	(55)	(107)
Change in unrealized depreciation of investments	76	333
Purchase of short term investments	(499)	(600)
Proceeds from sale of bonds	1,462	1,898
Net change in non-cash working capital:		
Change in other assets and liabilities	55	(934)
	868	179
Financing activities		
Amounts paid for Class A Shares, Series VI redeemed	(263)	(667)
Increase/(decrease) in cash during the period	605	(488)
Cash, beginning of period	181	729
Cash, end of period	786	241

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

COVINGTON VENTURE FUND INC. – SERIES VI

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

[in \$ thousands except number of shares [or par value \$]]

As at January 31, 2015

Marketable securities

Par Value \$	Issuer	Coupon Rate %	Maturity Date	Amortized Cost \$	Fair Value \$
Short-term investment					
500,000	Enbridge Gas Distribution Inc.	1.36	February 17, 2015	499	499
				499	499
Bonds					
4,020,000	Farm Credit Canada	Zero Coupon	December 15, 2015	3,848	4,004
				3,848	4,004
Total marketable securities				4,347	4,503

Venture investments

Investee companies*	Number of shares	Equity at cost \$	Total \$
Ivey CSBIF I Inc., Class A	150,000	1,500	1,500
Ivey CSBIF II Inc., Class A	150,000	1,500	1,500
Total venture investments, at cost		3,000	3,000
Unrealized depreciation of venture investments			(921)
Venture investments			2,079
Total investments			6,582
Liabilities, net of other assets			(3,260)
Net assets attributable to holders of redeemable shares			3,322

* Series VI has invested solely in community small business investment funds. The underlying investments within these funds are in the expansion stage of their development.

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

COVINGTON VENTURE FUND INC. – SERIES VII, VIII, IX

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

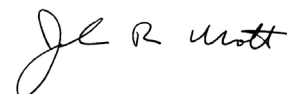
[in \$ thousands except per share amounts and number of shares]

As at	January 31, 2015 \$	July 31, 2014 \$	August 1, 2013 \$
ASSETS AND LIABILITIES			
Assets			
Cash	291	1,589	273
Marketable securities	15,984	15,365	18,352
Venture investments	3,362	3,769	4,035
Accrued interest receivable	1	1	1
	19,638	20,724	22,661
Liabilities			
Accrued expenses [Note 7]	328	305	318
Incentive participation amount payable [Note 7]	77	77	77
Redemptions payable	-	-	17
	405	382	412
Net assets attributable to holders of redeemable shares	19,233	20,342	22,249
Net assets attributable to holders of redeemable shares per Series			
Series VII	\$ 2,974	\$ 3,354	\$ 4,463
Series VIII	\$ 3,885	\$ 4,058	\$ 4,238
Series IX	\$ 12,374	\$ 12,930	\$ 13,548
Redeemable Class A Shares outstanding [Note 5]			
Series VII	367,465	401,356	525,122
Series VIII	414,625	416,664	422,353
Series IX	1,346,938	1,351,290	1,369,763
Net assets attributable to holders of redeemable shares per share			
Series VII	\$ 8.09	\$ 8.36	\$ 8.50
Series VIII	\$ 9.37	\$ 9.74	\$ 10.03
Series IX	\$ 9.19	\$ 9.57	\$ 9.89

On behalf of the Board of Directors:



Philip Reddon
Director



John R. Mott
Director

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

COVINGTON VENTURE FUND INC. – SERIES VII, VIII, IX

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

[in \$ thousands except per share amounts]

For the periods ended January 31,	2015 \$	2014 \$
INCOME		
Accretion of discount on zero-coupon bond	380	376
Interest on marketable securities	3	2
Interest on venture securities	57	48
Interest income [Note 7]	-	68
Change in unrealized depreciation of marketable securities	(260)	(122)
Change in unrealized depreciation of venture investments	(407)	-
	(227)	372
EXPENSES		
Distribution service fees [Note 7]	148	150
Management fees [Note 7]	123	138
Transfer agent fees [Note 7]	60	66
Audit fees	58	58
Harmonized Sales Tax	55	59
Shareholders' communication, marketing, administration and other	28	27
Directors' fees [Note 7]	28	16
Dealer service fees [Note 7]	18	21
Independent Review Committee [Note 7]	10	10
Sponsor's fees [Note 7]	5	6
Custodian fees	5	5
Legal fees	3	3
	541	559
Increase (decrease) in net assets attributable to holders of redeemable shares	(768)	(187)
Increase (decrease) in net assets attributable to holders of redeemable shares per Series		
Series VII	\$ (119)	\$ (35)
Series VIII	\$ (155)	\$ (36)
Series IX	\$ (494)	\$ (116)
Increase (decrease) in net assets attributable to holders of redeemable shares per share (based on weighted average number of shares outstanding)		
Series VII	\$ (0.31)	\$ (0.07)
Series VIII	\$ (0.37)	\$ (0.09)
Series IX	\$ (0.37)	\$ (0.09)

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

COVINGTON VENTURE FUND INC. – SERIES VII, VIII, IX

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (UNAUDITED)

[in \$ thousands]

For the periods ended January 31,	2015 \$	2014 \$
Net assets attributable to holders of redeemable shares, beginning of period	20,342	22,249
Increase (decrease) in net assets attributable to holders of redeemable shares	(768)	(187)
REDEEMABLE SHARE TRANSACTIONS		
Class A Shares, Series VII		
Amounts paid for Class A Shares, Series VII redeemed	(281)	(487)
Class A Shares, Series VIII		
Amounts paid for Class A Shares, Series VIII redeemed	(19)	(38)
Class A Shares, Series IX		
Amounts paid for Class A Shares, Series IX redeemed	(41)	(60)
Net assets attributable to holders of redeemable shares, end of period	19,233	21,477
Realized gain/(loss) on sale of investments		
Marketable securities		
Bonds, at cost, beginning of period	14,451	14,160
Accretion of discount	380	376
Bonds purchased during the period	-	-
	14,831	14,536
Bonds, at cost, end of period	14,831	14,536
Cost of bonds sold	-	-
Proceeds from sale of bonds	-	-
Realized gain on sale of marketable securities	-	-
Venture investments		
Venture investments, at cost, beginning of period	4,035	4,035
Venture investments purchased during the period	-	-
Venture investments repaid during the period	-	-
	4,035	4,035
Venture investments, at cost, end of period	4,035	4,035
Cost of venture investments sold	-	-
Proceeds from sale of venture investments	-	-
Realized loss on sale of venture investments	-	-
Realized gain on sale of investments	-	-

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

STATEMENTS OF CASH FLOWS (UNAUDITED)

[in \$ thousands]

For the periods ended January 31,	2015 \$	2014 \$
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	(768)	(187)
Items not affecting cash:		
Accretion of bond interest	(380)	(376)
Change in unrealized depreciation of investments	667	122
Advance of loan	-	(2,000)
Purchase of short term investments	(499)	-
Proceeds from sale of short term investments	-	2,998
Change in non-cash working capital:		
Change in other assets and liabilities	23	36
	(957)	593
Financing activities		
Amounts paid for Class A Shares, Series VII, VIII, IX redeemed	(341)	(602)
Increase/(decrease) in cash during the period	(1,298)	(9)
Cash, beginning of period	1,589	273
Cash, end of period	291	264

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

COVINGTON VENTURE FUND INC. – SERIES VII, VIII, IX

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

[in \$ thousands except number of shares [or par value \$]]

As at January 31, 2015

Marketable securities

Par Value \$	Issuer	Coupon Rate %	Maturity Date	Amortized Cost \$	Fair Value \$
Short-term investment					
500,000	Enbridge Gas Distribution Inc.	1.36	February 17, 2015	499	499
				499	499
Bonds					
3,305,123	Nova Gas Transmission Ltd.	Residual	February 28, 2016	3,096	3,249
3,848,594	Loblaw Companies Ltd.	Residual	June 1, 2016	3,549	3,770
8,911,508	Royal Bank of Canada	Zero Coupon	December 30, 2016	8,186	8,466
				14,831	15,485
Total marketable securities				15,330	15,984

Venture investments

Investee companies	Number of shares (or par value \$)	Debt at cost \$	Equity at cost \$	Total \$
bitHeads Inc., Class B Preferred	411,327	-	45	45
Fidelity PAC Metals Ltd., Secured Debenture, 9.5%, due December 31, 2015	\$1,200,000	1,200	-	1,200
Mist Mobility Integrated Systems Technology Inc., Demand Promissory Note, 12%	\$1,975,000	1,975	-	1,975
WireIE Holdings International Inc., Common	2,559,705	-	815	815
Total venture investments, at cost		3,175	860	4,035
Unrealized depreciation of venture investments				(673)
Venture investments				3,362
Total investments				19,346
Liabilities, net of other assets				(113)
Net assets attributable to holders of redeemable shares				19,233

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

COVINGTON VENTURE FUND INC. – SERIES VII, VIII, IX

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED) [Cont'd]

[in \$ thousands except number of companies and percentages]

	Number of companies	Cost of investments \$	% Total venture investments at cost %	Fair value of investments \$	% Total venture investments at fair value %
As at January 31, 2015					
Stage of Development					
Start-up / Early	1	815	20.2	142	4.2
Expansion	3	3,220	79.8	3,220	95.8
	4	4,035	100.0	3,362	100.0
Industry Class					
Entertainment/Retail	1	1,200	29.7	1,200	35.7
Manufacturing	1	1,975	49.0	1,975	58.8
Technology	2	860	21.3	187	5.6
	4	4,035	100.0	3,362	100.0
As at July 31, 2014					
Stage of Development					
Start-up / Early	1	815	20.2	549	14.6
Expansion	3	3,220	79.8	3,220	85.4
	4	4,035	100.0	3,769	100.0
Industry Class					
Entertainment/Retail	1	1,200	29.7	1,200	31.8
Manufacturing	1	1,975	49.0	1,975	52.4
Technology	2	860	21.3	594	15.8
	4	4,035	100.0	3,769	100.0
As at August 1, 2013					
Stage of Development					
Start-up / Early	1	815	20.2	815	20.2
Expansion	3	3,220	79.8	3,220	79.8
	4	4,035	100.0	4,035	100.0
Industry Class					
Entertainment/Retail	1	1,200	29.7	1,200	29.7
Manufacturing	1	1,975	49.0	1,975	49.0
Technology	2	860	21.3	860	21.3
	4	4,035	100.0	4,035	100.0

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

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

1. CORPORATE STATUS AND ACTIVITIES

Covington Venture Fund Inc. (“CVF” or the “Fund”) is registered as both a labour-sponsored investment fund corporation (“LSIF”) under the Community Small Business Investment Funds Act (Ontario) (the “Ontario Act”) and a Labour Sponsored Venture Capital Corporation (“LSVCC”) under the Income Tax Act (Canada) (the “Tax Act”).

On January 6, 2006, the Venture Partners Balance Fund Inc. (“VPB”) and Capital First Venture Fund Inc. (“CFVF”) amalgamated with several other LSIF’s to become CVF. Specifically, VPB became CVF Series VI and CFVF became CVF VII respectively. Collectively, VPB and CFVF are known as the “Original Funds”.

The Fund currently consists of two groupings: CVF Series VI and CVF Series VII, VIII, IX. Each group represents a separate portfolio of assets under National Instrument 81-106 (“NI 81-106”) which governs Investment Fund Continuous Disclosure requirements and therefore, each is considered to be a separate investment fund for financial statement reporting purposes.

The Fund is currently closed to new subscriptions.

The Manager of the Fund is Covington Capital Corporation (the “Manager”). The administrator of the Fund is CI Investments Inc. (the “Administrator”). The Fund is sponsored by the Canadian Federal Pilots Association (the “Sponsor”).

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and IFRS 1, First-time Adoption of International Financial Reporting Standards. The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles as defined in Part V of the Chartered Professional Accountants (“CPA”) of Canada Handbook – Accounting (“Canadian GAAP”). The comparative information has been restated from Canadian GAAP to comply with IFRS. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at August 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 11 discloses the impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statement for the year ended July 31, 2014 prepared under Canadian GAAP.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of March 24, 2015, which is the date on which the financial statements were authorized for issue by the Board of Directors of the Fund. Any subsequent changes to IFRS that are given effect in the Fund’s annual financial statement for the year ending July 31, 2015 could result in restatement of these interim financial statements, including the transition adjustments, if any, recognized on transition to IFRS.

These financial statements are presented in Canadian dollars, which is the Fund’s functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Funds’ investments are measured at fair value through profit or loss (“FVTPL”). This has two sub-categories: (1) financial assets or financial liabilities held for trading; and (2) those designated at FVTPL at inception.

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- (1) Financial assets and financial liabilities held for trading: a financial asset or financial liability is classified as held for trading (“HFT”) if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition, it is part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. The Fund’s marketable securities are classified as HFT.
- (2) Financial assets and financial liabilities designated at FVTPL: a financial asset or financial liability is designated as FVTPL at inception are financial instruments that are not classified as HFT but are managed and their performance is evaluated on a fair value basis in accordance with the Fund’s documented investment strategy. The Fund’s venture investment portfolio is designated as FVTPL.

The Funds’ obligations for net assets attributable to holders of redeemable shares are presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s stated rates of interest.

Valuation of investments

(a) Marketable securities

Short-term investments maturing less than 365 days from acquisition are classified as held for trading and are valued at the quotation price from recognized investment dealers.

Bonds are also classified as held for trading and are valued at the quotation price from recognized investment dealers. The difference between the fair value and the average cost of the bonds is recorded as unrealized appreciation (depreciation) of marketable securities.

(b) Zero-coupon bonds

Zero-coupon bonds having quoted market values or which are publicly traded on a recognized stock exchange are valued at the quotation price from recognized investment dealers. Zero coupon bonds that are thinly traded or do not have quoted market values are valued using valuation models determined by third party pricing sources. These bonds are classified as held for trading. The difference between fair value and the amortized cost is recorded as unrealized appreciation (depreciation) of marketable securities. The discount relating to the zero-coupon bond is recognized on a straight-line basis into income over the life of the respective bond.

(c) Venture investments

Venture investments having quoted market values and which are publicly traded on a recognized stock exchange, and are not otherwise restricted, 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 marked conditions.

Venture investments in securities not having quoted market values or in restricted securities are recorded at estimated fair value (“FV”). FV is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market (or foregoing that, most advantageous market) for the particular asset or liability. FV is measured using the assumptions that market participants act in their economic best interest and takes into account the market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The fair values of the venture investments are determined by the Manager using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions;

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

the general economic, industry and market conditions; capital market and transaction market conditions; independent valuations of the business; contractual rights relating to the investment; comparable company trading and transaction multiples, where applicable, and other pertinent considerations.

For warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value, which is equal to the higher of the last traded price of the underlying security less the exercise price of the warrant, or Nil.

The process of valuing venture investments for which no published market exists is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

Other financial assets and financial liabilities

Other assets, such as accounts receivable, receivables for venture investments sold and income receivables, are classified as receivables and are recorded at cost or amortized cost, net of impairment provisions, if any, which approximates fair value. Other liabilities such as accounts payable, accrued expenses, incentive participation amounts payable and redemptions payable are classified as other financial liabilities and recorded at cost or amortized cost, which approximates fair value. The financial assets and financial liabilities reflect the amount required to be received or paid, discounted when appropriate at the contract's effective interest rate. The effective interest rate is the rate that discounts the estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the new carrying amount on initial recognition.

Income recognition and security holder transactions

Interest and other income are recorded on an accrual basis. Dividend income is recognized on the ex-dividend date. Investment transactions are accounted for on a trade date basis and gains and losses from such transactions are calculated based on average cost. Net realized and unrealized gains (losses) on investments include the related foreign exchange gains and losses in the Statements of Comprehensive Income.

Commissions and other portfolio transaction costs

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

Foreign currency translation

The Fund may hold certain venture investments where the original purchase price was stated in US dollars. The cost is converted to Canadian dollars at the exchange rate in effect at the time of purchase and this amount becomes the historical cost of the investment. When a venture investment is purchased in US dollars, the fair value of these investments is adjusted weekly for the change in the exchange rate.

Increase (decrease) in net assets attributable to holders of redeemable shares

Increase (decrease) in net assets attributable to holders of redeemable shares per series of Class A share in the Statements of Comprehensive Income is calculated by dividing the increase (decrease) in net assets attributable to holder of redeemable shares per series by the weighted average number of shares outstanding for the relevant series of Class a Share during the period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

The most significant accounting judgements and estimates that the Fund has made preparing the financial statements are:

- (1) Fair value of venture investments in securities not having quoted market values – The Fund holds some investments that are not quoted on a recognized stock exchange. Such unlisted securities may be valued based on price quotations from recognized investment dealers, or if not available, determined by the Manager using valuation methodologies and considerations as described in Note 3. The process of valuing venture investments for which no published market exists is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.
- (2) Classification and measurement of investments and application of the fair value option – In classifying and measuring the financial instruments held by the Fund, the Manager is required to make significant judgements about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement. The most significant judgement includes the determination that the fair valuation option can be applied to the Fund's investments.

5. REDEEMABLE SHARES

Class A Shares issued and outstanding represent the capital of each Series. Each Series is authorized to issue an unlimited number of Class A Shares in an unlimited number of series. Generally, each Series has specific capital requirements and restrictions as outlined in either the Fund's annual information form or in the case of Series VI and VII, each Original Fund's initial prospectus.

The Fund is registered as both an LSIF under the Ontario Act and an LSVCC under the Tax Act. Under these Acts, the Fund is required to invest a portion of capital raised in eligible small and medium sized Canadian businesses. Companies of this size tend to be privately owned and are characterized as having less than \$50 million in assets and fewer than 500 employees. The investment restrictions, if not adhered to, could have negative impacts as the Fund could be levied with penalty taxes and ultimately, the Fund could have its LSIF status revoked. As at December 31, 2014, the compliance filing deadline under the Acts, the Fund was in compliance with all of these restrictions under both the Ontario and Tax Acts.

The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares, identifies changes in each Series' capital during the period. The Manager manages the capital of the Series in accordance with each Series' investment objectives, including managing their liquidity in order to meet redemptions.

The following is a description of the authorized and issued shares:

Authorized

Unlimited Class A Shares, issuable from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption and entitled to elect one director.

Unlimited Class B Shares, issuable to the Sponsor, no dividend entitlement, voting, entitled to elect all but one director.

Class A Share subscriptions

The Class A Shares of the Fund are no longer offered for subscription to the investors. The Fund may recommence offering these shares at any time the Fund deems appropriate.

Class A Share redemptions

A shareholder may redeem all or part of the Class A Shares held at the Net Asset Value per Redeemable Class A Share ("NAVPS"), subject to certain restrictions. One of these restrictions is that the Fund is not required to redeem Class A Shares, in any financial year having an aggregate redemption price exceeding 20% of the Net Assets Attributable to Holders of Redeemable Shares as at the last day of the preceding fiscal year.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

5. REDEEMABLE SHARES (Cont'd)

Redeemable shares are classified as liabilities unless they meet certain criteria for classification as equity, including identical features for the most subordinate class of shares. As the Fund's Class A Shares do not meet the exception criteria in IAS 32-Financial Instruments: Presentation, for classification of redeemable shares as equity, the Fund's Class A Shares are classified as financial liabilities.

The Fund cannot guarantee that it will be able to honour all redemption requests on the day in which they are made. Some of the Fund's investments are held in non-liquid securities. As such, if all shareholders were to redeem their shares at the same time, the Fund may need to liquidate these investments at lower values than currently ascribed and shareholders may not receive the NAVPS ascribed. The redemption of Class A Shares may be suspended in certain circumstances as permitted by applicable securities law.

For CVF Class A Shares, Series VII and VIII, a redemption fee in the amount of up to 6% of the original issue price calculated as 0.75% of the original issue price times the number of years remaining until the eighth anniversary of the date of issue is charged by the Fund.

For CVF Class A Shares, IX, a redemption fee is charged by the Fund in the amount of up to 10% of the original issue price calculated as 1.25% of the original issue price times the number of years remaining until the eighth anniversary of the date of issue.

The following shares were issued and redeemed during the periods indicated:

Six months ended January 31, 2015	Series VI	Series VII	Series VIII	Series IX
Class A Shares				
Balance, beginning of period	495,861	401,356	416,664	1,351,290
Redeemed during the period	(36,442)	(33,891)	(2,039)	(4,352)
Balance, end of period	495,419	367,465	414,625	1,346,938

Six months ended January 31, 2014	Series VI	Series VII	Series VIII	Series IX
Class A Shares				
Balance, beginning of period	656,865	525,122	422,353	1,369,763
Redeemed during the period	(82,609)	(57,532)	(3,838)	(6,048)
Balance, end of period	574,256	467,590	418,515	1,363,715

Class B Shares

There are 600 Class B Shares issued and outstanding to the Sponsor. No such shares have been issued or redeemed in the periods ended January 31, 2015 or 2014.

6. ALLOCATION OF INCOME AND EXPENSES

The Fund allocates income, expenses, realized gains (losses) and unrealized gains (losses) on the following basis:

Income and realized and unrealized gains (losses) are apportioned on a weekly basis based on the net asset value of the respective Series to the total net asset value of the Fund as at the most recent valuation date. Expenses are categorized and tracked as to expenses directly attributable to a specific Series ("direct expenses") and those that are common expenses of the Fund. Direct expenses of a particular Series are recorded as a direct expense to that Series. Common expenses are allocated to each Series in a consistent manner as the income allocation described above.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

7. COMMITMENTS

The Fund has entered into various agreements for the provision of management, investment advisor, sponsor, transfer agent, dealer and custodian services.

Under the terms of the investment agreements, the Manager, investment advisor, transfer agent, dealer and Sponsor are entitled to receive from the Fund a monthly fee calculated based on the Net Asset Value of the Fund at the end of the month. The annual fee rates are stated as follows:

	Series VI	Series VII	Series VIII	Series IX
Management fees	1.25%	1.25%	1.25%	1.25%
Investment advisor fees	2.00%	-	-	-
Sponsor fees	0.25%	0.05%	0.05%	0.05%
Transfer agent fees	0.60%	0.60%	0.60%	0.60%
Dealer service fees	0.50%	0.50%	0.50%	-
Distribution service fees*	-	-	1.152%	1.92%

* As of January 31, 2015, only Series VIII and Series IX are paying distribution service fees.

The Manager is entitled to an incentive participation amount (the "IPA") based on the performance of CVF Class A Shares Series VI and VII as disclosed in the Fund's annual information form and is based on performance of the Series dating to the inception of the Original Funds prior to the amalgamation forming CVF. The Fund's annual information form details the IPA on the performance of CVF Class A Shares Series VIII and IX which were launched in December 2007.

If certain performance criteria as outlined in the Fund's offering documents have been met, the Fund records Conditional IPA. Conditional IPA represents a provisional estimate of what would be payable to the manager IF the entire venture portfolio of the Series were disposed of at fair value as at the reporting date whereas IPA payable is based on actual realized transactions. Conditional IPA was formerly referred to as "Contingent IPA" prior to the adoption of IFRS by the Fund.

As at January 31, 2015, either Conditional IPA or IPA payable included in the financial statements are as follows:

	Expensed period ended January 31, 2015	Expensed year ended July 31, 2014	IPA payable as at January 31, 2015	IPA payable as at July 31, 2014	Paid during period ended January 31, 2015	Paid during year ended July 31, 2014
Series VII, VIII, IX	-	-	77	77	-	-

Series VI has not met the performance criteria to record either IPA payable or Conditional IPA.

During the course of the Fund's investment activities, the Fund may pay commissions and other transaction costs to dealers in connection with purchases and sales of venture investments. During the period, no commissions have been paid in either Series VI or Series VII, VIII, IX (2014-NIL).

Directors of the Fund are entitled to receive an annual fee of \$7.5 and a fee of \$1 for each meeting of the Board of Directors or any committee thereof attended. Directors of the Fund who are members of the Sponsor or are directors, officers or shareholders of the Manager will receive no compensation.

Members of the Fund's Independent Review Committee ("IRC") also serve other LSIFs managed by Covington. The IRC members each receive total remuneration across all Funds of \$15 per year plus a per meeting fee of \$2 for the Chairperson and \$1.5 per meeting for each of the other two members. The annual fee is allocated across all of the Funds served by the IRC whereas per meeting fees are borne by the particular Fund for which the meeting is called, if any.

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

8. RELATED PARTY TRANSACTIONS

Included in accrued expenses are amounts due to the Manager for management fees which have been funded by the Manager on behalf of Series VI. These amounts are non-interest bearing and due on demand.

	As at January 31, 2015	As at July 31, 2014	As at August 1, 2013
Management fees – Series VI	3,247	3,183	4,022

9. INCOME AND OTHER TAXES PAYABLE

Under the Tax Act, no income taxes are payable by the Fund on dividends received from Canadian corporations, and income taxes payable on capital gains will be fully refundable on a formula basis when shares of the Fund are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Taxes payable on dividend income earned by the Fund will be partially refundable upon the payment or deemed payment of dividends by the Fund. The Tax Act and Ontario Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum level of qualifying venture investments is not met under each statute, the Fund will be subject to defined taxes and penalties. The Fund is currently in compliance with the requirements of the Tax Act, and Ontario Act.

The Fund is a single corporation for income tax purposes and computes its income (loss) for tax purposes as such. All revenue, expenses, capital gains and losses, either common to all series of the Fund or to a particular series, will be taken into account in determining the income or loss of the Fund as a whole and applicable taxes payable by the Fund as a whole.

Capital losses can be carried forward indefinitely. Non-capital losses arising in taxation years 2004 and 2005 may be carried forward 10 years. Non-capital losses arising after 2005 may be carried forward for twenty years.

The tax amounts reflected in these financial statements are based on management’s best estimate of the amounts that will ultimately be assessed. This determination is based on numerous factors such as the pace at which the Fund makes qualifying venture investments, the amount of share capital raised and redeemed, and the net income and the undistributed net realized gains (losses) on sale of investments by the Fund. Should actual events not agree with the estimates made by management of the Fund, material adjustments to the tax amounts may be required.

10. FINANCIAL INSTRUMENTS

Fair value hierarchy

The following describes the three-level hierarchy for fair value measurements based on transparency of inputs to the valuating of an asset or liability as at the measurement dates. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable market inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 – Quoted Prices in an Active Market

Unadjusted quoted prices in active markets for identical assets or liabilities. This level of the hierarchy includes listed equity securities on major exchanges, highly liquid temporary deposits with Canadian Banks, as well as term deposits, bank deposit notes and corporate bonds. The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Level 2 – Valuation Techniques with Observable Parameters

Inputs other than quoted prices included in Level 1 that are observable for the asset and liability either directly (ie. as prices) or indirectly (ie. derived from prices). This level of the hierarchy includes zero coupon bonds held by Funds that are valued using valuation models determined by third party pricing services. These sources generally determine the value of the zero coupons bonds using observable market input such as: data points from various Canada yield curves and corporate spreads. These may be combined with liquidity spreads into proprietary valuation models. Since the inputs may be observable inputs but the application of a valuation model is used, these financial instruments are considered Level 2.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

10. FINANCIAL INSTRUMENTS (Cont'd)

Level 3 – Valuation Techniques with Significant Unobservable Parameters

Inputs that are not based on observable market inputs Level 3 instruments include equities, debentures, term loans and promissory notes issued by privately-held companies. As observable prices are not available for these securities, the Fund may use a variety of valuation techniques to derive the fair value.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. These amendments have been made to address the need for increased consistency and comparability of fair value measurements, and to expand the disclosure surrounding fair value measurements and do not have any impact on the net assets of the Fund.

Financial Instruments Carried at Fair Value

The following tables classify the carrying value of the Fund's financial instruments held at fair value across the fair value hierarchy as at January 31, 2015, July 31, 2014 and August 1, 2013:

Series VI	Financial instruments at fair value			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at January 31, 2015				
Marketable securities	499	4,004	-	4,503
Venture investments	-	-	2,079	2,079
Total financial assets	499	4,004	2,079	6,582
As at July 31, 2014				
Marketable securities	-	5,430	-	5,430
Venture investments	-	-	2,034	2,034
Total financial assets	-	5,430	2,034	7,464
As at August 1, 2013				
Marketable securities	-	7,145	-	7,145
Venture investments	-	-	2,307	2,307
Total financial assets	-	7,145	2,307	9,452
Series VII, VIII, IX	Financial instruments at fair value			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at January 31, 2015				
Marketable securities	499	15,485	-	15,984
Venture investments	-	-	3,362	3,362
Total financial assets	499	15,485	3,362	19,346
As at July 31, 2014				
Marketable securities	-	15,365	-	15,365
Venture investments	-	-	3,769	3,769
Total financial assets	-	15,365	3,769	19,134
As at August 1, 2013				
Marketable securities	2,998	15,354	-	18,352
Venture investments	-	-	4,035	4,035
Total financial assets	2,998	15,354	4,035	22,387

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

10. FINANCIAL INSTRUMENTS (Cont'd)

During the periods ended January 31, 2015 and 2014, there were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in any of the Fund's Series.

The following is a reconciliation of Level 3 fair value measurements:

	January 31, 2015		July 31, 2014	
	Series VI \$	Series VII, VIII, IX \$	Series VI \$	Series VII, VIII, IX \$
Balance, beginning of period	2,034	3,769	2,307	4,035
New investments	-	-	-	-
Disposals or sales	-	-	-	-
Net transfers into and/or out of Level 3	-	-	-	-
Change in unrealized gains/(losses)	45	(407)	(273)	(266)
Net unrealized gains/(losses)	-	-	-	-
Balance, end of period	2,079	3,362	2,034	3,769
Total change in unrealized gains and losses during the period included in the statement of operations for assets held at end of period	45	(407)	(273)	(266)

Risk Management

The Fund's activities expose it to a variety of financial risks: valuation risk, market risk (which includes currency risk, interest rate risk and other price risk), liquidity risk and credit risk as described below. The Fund's overall risk management program seeks to minimize potential adverse effects on the Fund's financial performance through a regular program of monitoring the Fund's investment positions and updating the valuation of the private company portfolios. The value of investments within a portfolio can fluctuate daily as a result of changing economic and market conditions, prevailing interest rates and company specific news relating to portfolio investments. The Fund has managed this risk through its Audit and Valuation Committee which reviews a quarterly report from the Manager on the investment portfolio as a whole and on determination of fair value for the venture investments including a discussion of significant events affecting the valuation of such investments. The majority of this committee is independent from the Manager and is responsible for considering the appropriateness of the valuation policies adopted by the Fund and the Manager.

(a) Valuation and other market risk

There is a risk of loss of capital associated with all venture investments of the Fund. Valuation risk is the risk that the estimated fair values of investments for which no quoted market value exists as determined by the Manager may differ from values that would have been used had a ready market existed for these investments. Other market risk is the risk that the value of the venture investments will fluctuate as a result of changes in market prices.

Among the assets held for trading by the Fund are venture investments for which no quoted market values exist. These investments are in privately held companies whereby fair values are estimated by the Manager using valuation techniques as described in Note 2. These are also the assets that are included at Level 3 in the valuation hierarchy investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

10. FINANCIAL INSTRUMENTS (Cont'd)

The potential effect of changing the assumptions to reasonably possible alternative assumptions on the fair value of the venture investments would result in a decrease or increase in net assets as at January 31, 2015, July 31, 2014 and August 1, 2013 as follows:

	January 31, 2015		July 31, 2014		August 1, 2013	
	Fair value of privately held investments \$	Decrease/Increase in net assets	Fair value of privately held investments \$	Decrease/Increase in net assets	Fair value of privately held investments \$	Decrease/Increase in net assets
Series VI	2,079	-4.34% to +11.81%	2,034	-5.64% to +19.2%	2,307	-3.62% to +2.72%
Series VII, VIII, IX	3,362	-	3,769	0.0% to +1.31%	4,035	-

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may not reflect the prices at which the Fund's investments may actually be sold.

(b) Foreign currency risk

Foreign currency risk arises from venture investments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. Although the Manager has flexibility to manage the foreign currency risk by hedging its currency exposure, the Manager did not engage in currency hedging during the period due to the low volume of foreign currency transactions and dollar values involved. Increases and decreases in the exchange rate between the Canadian currency and the foreign currency may increase or decrease the value of the foreign currency denominated investments within the Fund. The Fund had no US dollar denominated investments as at January 31, 2015, July 31, 2014 or August 1, 2013.

(c) Interest rate risk

If interest rates fall, the fair value of existing debt securities may increase due to the increase in yield. On the other hand, if interest rates rise, the yield of existing debt securities will decrease which will lead to a decrease in fair value. The magnitude

of the change will generally be greater for long-term debt securities than short-term debt securities. Interest rate risk also applies to convertible securities. The fair value of these securities varies inversely with interest rates, similar to other debt securities. However, since they may be converted into common shares, convertible securities are generally less affected by interest rate fluctuations than other debt securities. Below is a breakdown of debt instruments by maturity:

Debt instruments by maturity date	Less than 1 year \$	1-3 years \$	3-5 years \$	Greater than 5 years \$
As at January 31, 2015				
Series VI	4,004	-	-	-
Series VII, VIII, IX	3,175	15,485	-	-
As at July 31, 2014				
Series VI	-	5,430	-	-
Series VII, VIII, IX	3,175	15,365	-	-
As at August 1, 2013				
Series VI	-	7,145	-	-
Series VII, VIII, IX	3,175	7,130	8,224	-

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

10. FINANCIAL INSTRUMENTS (Cont'd)

Series VI through IX have investments in zero-coupon or residual bonds. As at January 31, 2015, July 31, 2014 and August 1, 2013 if the yield curve had shifted in parallel by 25 basis points, and all other variables remained constant, the net assets would have increased or decreased respectively by the following approximate dollar values as a result of holding these bonds:

As at:	January 31, 2015	July 31, 2014	August 1, 2013
	Impact of a +/- 25 basis point parallel shift in the yield curve	Impact of a +/- 25 basis point parallel shift in the yield curve	Impact of a +/- 25 basis point parallel shift in the yield curve
	\$	\$	\$
Series VI	9	19	42
Series VII, VIII, IX	95	85	119

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of the investments will fluctuate because of changes in market prices. In addition to venture investments for which no quoted market values exist, the Fund may hold investments that are publicly traded on a recognized stock exchange. There is market price risks associated with investments in publicly traded securities; however Series VI through IX have no exposure to publicly-traded equities as at January 31, 2015, July 31, 2014 or August 1, 2013.

(e) Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. Fair value of investments with low liquidity may have variances or impairments. The Fund is exposed to weekly redemptions and, therefore, attempts to maintain a portion of its assets in the form of marketable securities which can be readily disposed of. The Fund is not required to redeem Class A Shares, in any financial year having an aggregate redemption price exceeding 20% of the NAV of the Fund as at the last day of the preceding fiscal year. Many of the Fund's investments are held in non-liquid securities. As such, if all shareholders were to redeem their shares at the same time, the Fund may need to liquidate these investments at lower values than currently ascribed and shareholders may not receive the NAV ascribed. As the Fund matures, liquidity becomes more difficult to achieve as the venture portfolio has longer term holds.

(f) Credit risk

Credit risk is the risk that a debt security issuer or counterparty cannot meet its financial obligations, such as making interest payments or principal repayments. Issuers that have suffered adverse changes in financial conditions may receive a low credit rating reflecting a high credit risk. A change in the credit rating of the debt security can affect its liquidity and may result in an impairment of its fair value. The Manager manages credit risk by investing the reserve portfolio of the Fund in high quality investment grade debt obligations with a minimum rating of "A" at the time of investment.

The Fund holds a portion of its investment portfolio in private debt instruments which can be considered high risk debt instruments. These instruments are not rated by any of the market bond rating services and are subject to valuation risk as described in part (a) above.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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[in \$ thousands except per share amounts and number of shares]

10. FINANCIAL INSTRUMENTS (Cont'd)

As at January 31, 2015, July 31, 2014 and August 1, 2013 the Fund invested in debt instruments as follows (not including the venture portfolio listed in (a) above or short-term marketable securities):

As at January 31, 2015

Debt instruments by credit rating*:	AAA	AA	A	BBB	Total
	\$	\$	\$	\$	\$
Series VI**	4,004	-	-	-	4,004
Series VII, VIII, IX**	-	8,466	3,249	3,770	15,485

As at July 31, 2014

Debt instruments by credit rating*:	AAA	AA	A	BBB	Total
	\$	\$	\$	\$	\$
Series VI**	5,430	-	-	-	5,430
Series VII, VIII, IX**	-	8,466	3,196	3,703	15,365

As at August 1, 2013

Debt instruments by credit rating*:	AAA	AA	A	BBB	Total
	\$	\$	\$	\$	\$
Series VI**	7,145	-	-	-	7,145
Series VII, VIII, IX**	-	8,224	3,568	3,562	15,354

* Credit ratings are obtained from Dominion Bond Rating Services and/or Standard & Poor's. Where one or more rating is obtained, the lowest rating has been used.

** Each of these Series are balanced funds where a portion of initial capital raised was set aside in investment grade, long-term bank or corporate debt with the objective of returning the investor's original issue price. As such, these Series have a higher proportion of their NAV invested in these bonds to reduce the overall risk associated with these Series.

11. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized below:

(a) Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. All financial assets designated as FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment companies.

(b) Mandatory exceptions to retrospective application

In accordance with the mandatory exceptions to retrospective restatement under IFRS 1, hindsight was not used to create or revise estimates at the transition date. Accordingly, estimates previously made under Canadian GAAP are consistent with those under IFRS.

(c) Classification of redeemable shares issued by the Fund

Under IFRS, IAS 32 Financial Instruments: Presentation, requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem the shares for cash or another financial asset, be classified as a financial liability. The Fund's Class A Shares have been accordingly reclassified as financial liabilities on transition to IFRS.

JANUARY 31, 2015

[in \$ thousands except per share amounts and number of shares]

11. TRANSITION TO IFRS (Cont'd)

(d) Investment entity

The Fund has determined that it meets the definition of an “investment entity” under IFRS 10, Consolidated Financial Statements, in that it obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of all or substantially all of its investments on a fair value basis. Consequently, the Fund is required to measure investments in other entities over which it has control, at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity’s investment activities. The Fund has no subsidiaries requiring consolidation as at January 31, 2015, July 31, 2014 or August 1, 2013.

(e) Revaluation of investments at FVTPL

Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. As a result, upon adoption of IFRS, an adjustment to the carrying value of the Fund’s investments as well as the Fund’s net assets attributable to holders of redeemable shares has been made.

(f) Reconciliations of Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS has not had a significant impact on the financial statements of the Fund. There were changes to the presentation in the Statements of Financial Position and Statements of Comprehensive Income (previously Statements of Operations) as per below:

Series VI

Equity	July 31, 2014	January 31, 2014	August 1, 2013
Equity as reported under Canadian GAAP	3,650	4,419	5,345
Revaluation of investments at FVTPL	4	-	2
Net assets attributable to holders of redeemable shares under IFRS	3,654	4,419	5,347
		Year ended July 31, 2014	Period ended January 31, 2014
Comprehensive income			
Comprehensive income as reported under Canadian GAAP		(435)	(269)
Revaluation of investments at FVTPL		4	(2)
Increase (decrease) in net assets attributable to holders of redeemable shares under IFRS		(431)	(271)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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11. TRANSITION TO IFRS (Cont'd)

Series VII, VIII, IX

Equity	July 31, 2014	January 31, 2014	August 1, 2013
Equity as reported under Canadian GAAP	20,342	21,447	22,249
Revaluation of investments at FVTPL	-	-	-
Net assets attributable to holders of redeemable shares under IFRS	20,342	21,447	22,249
Comprehensive income		Year ended July 31, 2014	Period ended January 31, 2014
Comprehensive income as reported under Canadian GAAP		(620)	(187)
Revaluation of investments at FVTPL		-	-
Increase (decrease) in net assets attributable to holders of redeemable shares under IFRS		(620)	(187)

12. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

IFRS 9, Financial Instruments ("IFRS")

The final version of IFRS 9, Financial Instruments was issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which and asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Fund Symbols*

Series VI CIG461
Series VII CIG462
Series VIII CIG465
Series IX CIG466

** All Series closed to new purchases*

**Fund Manager
and Advisor**

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