

# P E M B R O K E

P R I V A T E   W E A L T H   M A N A G E M E N T

THE GBC CANADIAN GROWTH FUND

THE GBC AMERICAN GROWTH FUND INC.

THE GBC INTERNATIONAL GROWTH FUND

THE GBC GROWTH AND INCOME FUND

THE GBC CANADIAN BOND FUND

THE GBC MONEY MARKET FUND

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**



# P E M B R O K E

JUNE 30, 2018 UNAUDITED INTERIM FINANCIAL STATEMENTS

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JUNE 30, 2018 UNAUDITED INTERIM FINANCIAL STATEMENTS

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**Approval of the Unaudited Interim Financial Statements:**

**For the six-month period ended June 30, 2018**

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The GBC Canadian Growth Fund  
The GBC International Growth Fund  
The GBC Growth and Income Fund  
The GBC Canadian Bond Fund  
The GBC Money Market Fund

(collectively referred to as the "Funds" or individually as a "Fund", including The GBC American Growth Fund Inc.)

Approved by the Trustee, Pembroke Private Wealth Management Ltd.



Jeffrey S. D. Tory  
Director



Michael P. McLaughlin  
Director

Montreal, August 20, 2018


**Approval of the Unaudited Interim Financial Statements:**

**For the six-month period ended June 30, 2018**

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The GBC American Growth Fund Inc.

Approved by the Board



Marc A. Courtois  
Chairman



Glen Roane  
Director

Montreal, July 23, 2018

# P E M B R O K E

JUNE 30, 2018 UNAUDITED INTERIM FINANCIAL STATEMENTS

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## **Unaudited Interim Financial Statements:**

### **For the six-month period ended June 30, 2018**

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*These Unaudited Interim Financial Statements do not contain the Interim Management Reports of Fund Performance ("MRFP") of the investment funds. If you have not received a copy of the Interim MRFP with this report, you may obtain a copy at your request, and at no cost, by calling the toll-free numbers 1-800-668-7383 or 1-800-667-0716, by writing to us at Pembroke Private Wealth Management Ltd., 150 King Street, Suite 1210, Toronto, Ontario, M5H 1J9 or 1002 Sherbrooke Street West, Suite 1700, Montreal, Quebec, H3A 3S4, by visiting our website at [www.pml.ca](http://www.pml.ca) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFPs may also be obtained, at no cost, using any of the methods outlined above.*

*Unitholders and shareholders may also contact us using one of these methods (except on the SEDAR website) to request a copy of the investment funds' proxy voting policies and procedures, proxy voting disclosure records or quarterly portfolio disclosures.*

### **Notice of no auditor review of the unaudited interim financial statements**

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*Pembroke Private Wealth Management Ltd., the Trustee of the Funds (and the Board of Directors for The GBC American Growth Fund Inc.), appoints an independent auditor to audit the Funds' Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.*

*The Funds' independent auditor has not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.*

P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**STATEMENTS OF FINANCIAL POSITION**  
**(unaudited)**

As at

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
	<b>\$</b>	<b>\$</b>
<b>(IN CANADIAN DOLLARS)</b>		
<b>Assets</b>		
Cash	4,032,895	4,921,768
Investments at fair value through profit or loss	349,171,302	375,650,863
Due from brokers for investment securities sold	53,005	-
Accrued income	899,091	462,444
HST receivable	14,765	13,298
QST receivable	398,766	396,840
<b>Total assets</b>	<b>354,569,824</b>	<b>381,445,213</b>
<b>Liabilities</b>		
Distributions payable to unitholders	-	861,224
Due to brokers for investment securities purchased	135,838	474,217
Management fees payable	-	619,521
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>135,838</b>	<b>1,954,962</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>354,433,986</b>	<b>379,490,251</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
Net assets	<b>68.61</b>	<b>68.99</b>
<b>Investments, at cost</b>	<b>274,137,600</b>	<b>273,682,126</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividend income	2,921,699	2,736,307
Interest income for distribution purposes	8,526	497
Net realized gains (losses) on investments		
at fair value through profit or loss	21,575,150	29,816,493
Net change in unrealized gains (losses) on investments		
at fair value through profit or loss	(26,935,035)	(13,147,920)
Net realized foreign exchange gains (losses)	(2,394)	(1,698)
<b>Total operating income (loss)</b>	<b>(2,432,054)</b>	<b>19,403,679</b>
<b>Expenses</b>		
Management fees (Note 5)	(38,325)	3,549,397
Securityholders' information fees	56,774	57,777
Filing fees	18,108	17,067
Custodial fees	13,231	13,362
Audit fees	15,618	14,509
Legal fees	4,806	5,135
Independent Review Committee fees	1,690	1,872
Transaction costs on purchase and sale of investments	302,137	359,860
<b>Total operating expenses</b>	<b>374,039</b>	<b>4,018,979</b>
<b>Profit (loss) before taxes</b>	<b>(2,806,093)</b>	<b>15,384,700</b>
Taxes recovered (paid)	-	-
<b>Profit (loss) after taxes</b>	<b>(2,806,093)</b>	<b>15,384,700</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>redeemable units</b>	<b>(2,806,093)</b>	<b>15,384,700</b>
<b>Weighted average number of redeemable units outstanding</b>		
<b>during the period</b>	<b>5,330,005</b>	<b>5,814,285</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>redeemable units per unit</b>	<b>(0.53)</b>	<b>2.65</b>

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

P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE UNITS**

(unaudited)

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	2018 \$	2017 \$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>379,490,251</b>	<b>391,840,152</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>(2,806,093)</b>	<b>15,384,700</b>
<b>Distributions to holders of redeemable units</b>		
From management fee rebates	(38,325)	(239,825)
<b>Total distributions to holders of redeemable units</b>	<b>(38,325)</b>	<b>(239,825)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	2,512,150	4,168,022
Redemption of redeemable units	(24,723,997)	(30,679,228)
<b>Net increase (decrease) from unit transactions</b>	<b>(22,211,847)</b>	<b>(26,511,206)</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>354,433,986</b>	<b>380,473,821</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**STATEMENTS OF CASH FLOWS**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable units	(2,806,093)	15,384,700
Adjustments for:		
Dividend income	(2,921,699)	(2,736,307)
Interest income for distribution purposes	(8,526)	(497)
	(5,736,318)	12,647,896
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(77,391,372)	(60,405,285)
Proceeds from sale and maturity of investments	98,208,911	87,225,376
Net realized losses (gains) on investments at fair value through profit or loss	(21,575,150)	(29,816,493)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	26,935,035	13,147,920
Transaction costs on purchase and sale of investments	302,137	359,860
Net decrease (increase) in due from/to brokers	(391,384)	2,110,921
Net decrease (increase) in other receivables	(3,393)	(179,896)
Net increase (decrease) in accrued expenses and other payables	(619,521)	(19,626)
	19,728,945	25,070,673
Interest received	8,526	497
Dividends received	2,485,052	2,705,489
<b>Net cash flows provided from operating activities</b>	<b>22,222,523</b>	<b>27,776,659</b>
<b>Cash flows provided from financing activities</b>		
Distributions to holders of redeemable units	(861,224)	(339,296)
Proceeds from redeemable units issued	2,473,825	3,928,197
Redemption of redeemable units	(24,723,997)	(30,679,228)
<b>Net cash flows provided from financing activities</b>	<b>(23,111,396)</b>	<b>(27,090,327)</b>
<b>Net increase (decrease) in cash</b>	<b>(888,873)</b>	<b>686,332</b>
<b>Cash at the beginning of the period</b>	<b>4,921,768</b>	<b>7,401,146</b>
<b>Cash at the end of the period</b>	<b>4,032,895</b>	<b>8,087,478</b>
<b>Non-Cash Transactions</b>		
Reinvested distributions from management fee rebates	38,325	239,825

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



P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Canadian Equities	Cost \$	Fair Value \$
<b>Consumer Discretionary - 14.28 %</b>			
273,400	Aritzia	3,506,391	4,265,040
116,850	BRP	2,703,414	7,405,953
39,800	Cogeco	1,480,698	2,313,176
2,063,600	DHX Media	11,384,156	5,633,628
290,000	Freshii	2,683,196	1,795,100
168,300	Gildan Activewear	2,726,728	6,232,149
264,600	IMAX Corporation	8,506,897	7,717,620
103,500	Pollard Banknote	1,914,418	2,229,390
217,100	Sleep Country Canada	5,592,496	7,070,947
540,700	Stingray Digital Group	4,351,511	4,704,090
142,600	Stingray Digital Group - Subscription Receipts	1,483,040	1,239,194
		46,332,945	50,606,287
<b>Consumer Staples - 1.81 %</b>			
241,300	Jamieson Wellness	5,642,997	6,423,406
<b>Energy - 17.50 %</b>			
946,000	CES Energy Solutions	5,697,818	4,247,540
468,000	Computer Modelling Group	3,209,183	4,726,800
474,650	Enerflex	7,903,559	6,711,551
1,147,900	Kelt Exploration	8,881,354	10,250,747
811,900	Nuvista Energy	5,492,236	7,404,528
237,700	Parex Resources	4,677,467	5,899,714
1,663,600	Storm Resources	7,000,994	5,190,432
2,492,900	Tamarack Valley Energy	8,529,018	11,492,269
704,976	ZCL Composites	4,259,547	6,098,042
		55,651,176	62,021,623
<b>Financials - 9.72 %</b>			
323,000	Canadian Western Bank	9,125,771	11,191,950
47,971	Currency Exchange	1,414,220	1,448,724
117,400	Equitable Group	6,781,633	6,992,344
217,600	Guardian Capital Group	5,454,392	5,011,328
3,040,300	The Westaim Corporation	9,252,425	9,789,766
		32,028,441	34,434,112
<b>Health Care - 0.97 %</b>			
238,370	Helius Medical Technologies	2,256,532	2,977,241
105,940	Helius Medical Technologies - Warrants	-	475,671
		2,256,532	3,452,912

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

P E M B R O K E

**THE GBC CANADIAN GROWTH FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Canadian Equities (continued)	Cost \$	Fair Value \$
<b>Industrials - 17.70 %</b>			
421,250	Badger Daylighting	10,686,470	13,340,988
771,930	Ballard Power Systems	3,221,615	2,917,895
73,100	Boyd Group Income Fund	1,813,568	8,568,051
780,800	DIRTT Environmental Solutions	3,097,737	5,004,928
475,100	Hardwood Distribution	8,099,281	8,109,957
1,544,500	Horizon North Logistics	3,487,256	4,062,035
225,000	Richelieu Hardware	1,537,358	6,167,250
464,500	Rocky Mountain Dealerships	5,477,226	5,114,145
184,300	Transcontinental	4,902,380	5,626,679
1,154,000	Westport Fuel Systems	3,118,123	3,831,280
		<b>45,441,014</b>	<b>62,743,208</b>
<b>Information Technology - 20.89 %</b>			
271,400	Descartes Systems Group	2,610,276	11,624,062
78,000	Enghouse Systems	4,796,757	5,988,060
540,500	Evertz Technologies	9,228,879	8,637,190
115,500	Kinaxis	6,348,906	10,221,750
283,050	Points International	4,053,484	6,142,185
407,700	Real Matters	4,122,968	2,323,890
1,201,911	Solium Capital	9,597,041	13,833,996
560,300	Sylogist	4,941,325	6,667,570
108,000	Tucows	4,018,914	8,600,040
		<b>49,718,550</b>	<b>74,038,743</b>
<b>Materials - 6.71 %</b>			
464,664	Osisko Gold Royalties	4,319,716	5,785,067
1,572,900	Premier Gold Mines	5,723,909	4,105,269
92,150	Richards Packaging	2,916,683	3,479,584
217,200	Stella Jones	3,354,574	10,401,708
		<b>16,314,882</b>	<b>23,771,628</b>
<b>Real Estate - 8.11 %</b>			
237,500	Altus Group	4,515,594	6,961,125
80,600	Colliers International	2,026,242	8,061,612
47,000	FirstService	431,593	4,699,530
818,600	Tricon Capital Group	8,010,321	9,029,158
		<b>14,983,750</b>	<b>28,751,425</b>
<b>Telecommunication Services - 0.83 %</b>			
671,550	Trilogy International Partners	5,767,313	2,927,958
		<b>5,767,313</b>	<b>2,927,958</b>
<b>Total Investments - 98.52 %</b>		<b>274,137,600</b>	<b>349,171,302</b>
Other assets - net - 1.48 %			5,262,684
<b>Total net assets - 100.00 %</b>			<b>354,433,986</b>

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

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**STATEMENTS OF FINANCIAL POSITION**

**(unaudited)**

(IN CANADIAN DOLLARS)	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash	1,124,298	1,251,857
Investments at fair value through profit or loss	188,840,866	165,911,696
Due from brokers for investment securities sold	4,141,955	-
Accrued income	35,106	35,058
Income taxes recoverable (Note 6)	5,749,678	5,077,382
HST receivable	1,548	-
QST receivable	126,778	123,481
<b>Total assets</b>	<b>200,020,229</b>	<b>172,399,474</b>
<b>Liabilities</b>		
Accrued expenses	13,800	32,045
Redemptions payable	-	86,931
Management fees payable	-	247,243
HST payable	-	700
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>	<b>13,800</b>	<b>366,919</b>
<b>Net assets attributable to holders of redeemable shares</b>	<b>200,006,429</b>	<b>172,032,555</b>
<b>Net assets attributable to holders of redeemable shares per share</b>		
Net assets CAD	<b>37.91</b>	<b>31.65</b>
Net assets USD	<b>28.79</b>	<b>25.23</b>
<b>Investments, at cost</b>	<b>137,723,649</b>	<b>133,156,533</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividend income	444,497	219,378
Interest income for distribution purposes	17,270	10,598
Net realized gains (losses) on investments		
at fair value through profit or loss	14,984,104	8,502,526
Net change in unrealized gains (losses) on investments		
at fair value through profit or loss	18,362,051	2,454,628
Net realized foreign exchange gains (losses)	138,872	(45,500)
<b>Total operating income (loss)</b>	<b>33,946,794</b>	<b>11,141,630</b>
<b>Expenses</b>		
Management fees (Note 5)	-	1,511,977
Directors' fees (Note 9)	39,701	40,937
Securityholders' information fees	78,850	82,561
Filing fees	14,269	15,429
Custodial fees	9,493	10,229
Audit fees	24,896	24,044
Legal fees	4,823	5,162
Independent Review Committee fees	1,690	1,872
Insurance fees	13,625	13,625
Transaction costs on purchase and sale of investments	134,209	116,422
<b>Total operating expenses</b>	<b>321,556</b>	<b>1,822,258</b>
<b>Profit (loss) before taxes</b>	<b>33,625,238</b>	<b>9,319,372</b>
Withholding taxes	(59,887)	(27,928)
<b>Profit (loss) after tax</b>	<b>33,565,351</b>	<b>9,291,444</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>    redeemable shares</b>	<b>33,565,351</b>	<b>9,291,444</b>
<b>Weighted average number of redeemable shares outstanding</b>		
<b>    during the period</b>	<b>5,361,756</b>	<b>5,853,073</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>    redeemable shares per share</b>	<b>6.26</b>	<b>1.59</b>

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

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE SHARES  
(unaudited)**

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	<b>2018</b> \$	<b>2017</b> \$
<b>Net assets attributable to holders of redeemable</b>		
<b>shares at beginning of period</b>	<b>172,032,555</b>	<b>176,789,956</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>redeemable shares</b>	33,565,351	9,291,444
<b>Redeemable share transactions</b>		
Proceeds from redeemable shares issued	2,612,118	2,773,356
Redemption of redeemable shares	(8,203,595)	(12,098,598)
<b>Net increase (decrease) from share transactions</b>	<b>(5,591,477)</b>	<b>(9,325,242)</b>
<b>Net assets attributable to holders of redeemable</b>		
<b>shares at end of period</b>	<b>200,006,429</b>	<b>176,756,158</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**STATEMENTS OF CASH FLOWS**

(unaudited)

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable shares	33,565,351	9,291,444
Adjustments for:		
Interest income for distribution purposes	(17,270)	(10,598)
Dividend income	(444,497)	(219,378)
Taxes recognized in comprehensive income	59,887	27,928
	<b>33,163,471</b>	<b>9,089,396</b>
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(47,915,017)	(36,128,434)
Proceeds from sale and maturity of investments	58,197,793	45,220,043
Net realized losses (gains) on investments at fair value through profit or loss	(14,984,104)	(8,502,526)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	(18,362,051)	(2,454,628)
Transaction costs on purchase and sale of investments	134,209	116,422
Net decrease (increase) in due from/to brokers	(4,141,955)	145,800
Net decrease (increase) in other receivables	(677,141)	3,355,468
Net increase (decrease) in accrued expenses and other payables	(266,188)	(14,248)
	<b>5,149,017</b>	<b>10,827,293</b>
Interest received	17,270	10,598
Dividends received	444,449	210,850
Taxes paid	(59,887)	(27,928)
<b>Net cash flows provided from operating activities</b>	<b>5,550,849</b>	<b>11,020,813</b>
<b>Cash flows provided from financing activities</b>		
Proceeds from redeemable shares issued	2,612,118	2,773,356
Redemption of redeemable shares	(8,290,526)	(12,117,976)
<b>Net cash flows provided from financing activities</b>	<b>(5,678,408)</b>	<b>(9,344,620)</b>
<b>Net increase (decrease) in cash</b>	<b>(127,559)</b>	<b>1,676,193</b>
<b>Cash at the beginning of the period</b>	<b>1,251,857</b>	<b>3,817,485</b>
<b>Cash at the end of the period</b>	<b>1,124,298</b>	<b>5,493,678</b>
<b>Non-Cash Transactions</b>		
Reinvested distributions from management fee rebates	16,856	96,893

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

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - US Equities	Cost \$	Fair Value \$
<b>Consumer Discretionary - 12.76 %</b>			
104,800	Gentherm	4,215,324	5,423,425
153,600	Hemisphere Media Group	2,602,310	2,649,612
62,900	Installed Building Products	3,903,984	4,683,851
40,700	LCI Industries	3,321,357	4,831,477
146,350	Stoneridge	4,840,384	6,771,959
42,600	Superior Uniform Group	955,891	1,161,742
		19,839,250	25,522,066
<b>Consumer Staples - 1.65 %</b>			
28,250	MGP Ingredients	1,828,517	3,303,696
		1,828,517	3,303,696
<b>Energy - 1.53 %</b>			
21,100	Matador Resources	583,359	834,924
134,200	Ring Energy	2,247,224	2,230,138
		2,830,583	3,065,062
<b>Financials - 8.28 %</b>			
97,650	Bofl Holding	1,544,074	5,260,434
46,200	Encore Capital Group	1,602,473	2,226,603
25,300	Green Dot Corporation	2,354,563	2,444,991
191,000	National General Holdings	5,118,366	6,622,227
		10,619,476	16,554,255
<b>Health Care - 18.82 %</b>			
33,500	AMN Healthcare Services	1,879,683	2,585,010
97,800	BioTelemetry	3,800,802	5,795,237
24,500	Charles River Laboratories	2,806,713	3,621,687
20,200	Globus Medical	779,160	1,342,204
121,200	Healthstream	3,369,613	4,358,571
257,476	HMS Holdings	5,025,445	7,330,140
109,500	PetIQ	3,032,705	3,872,933
122,200	Premier	5,177,376	5,854,013
73,100	Vocera Communications	2,411,274	2,877,154
		28,282,771	37,636,949

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

P E M B R O K E

**THE GBC AMERICAN GROWTH FUND INC.**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - US Equities (continued)	Cost \$	Fair Value \$
<b>Industrials - 16.74 %</b>			
62,400	Albany International	4,199,760	4,942,424
25,700	Dycom Industries	2,815,607	3,198,385
139,100	Franklin Covey	3,228,341	4,496,747
56,200	Healthcare Services Group	2,944,327	3,196,240
115,000	Kornit Digital	2,177,822	2,695,490
42,100	Masonite International	3,420,639	3,983,169
22,150	NV5 Global	937,581	2,021,281
48,300	Ritchie Bros. Auctioneers	2,068,633	2,170,081
22,100	SiteOne Landscape Supply	1,692,676	2,443,634
29,100	Trex Company	871,630	2,398,379
19,100	Woodward	1,876,381	1,933,097
		26,233,397	33,478,927
<b>Information Technology - 27.62 %</b>			
182,950	Carbonite	4,071,043	8,407,709
53,000	Euronet Worldwide	5,264,694	5,846,342
38,700	Everbridge	1,641,471	2,416,531
24,300	ExlService Holdings	1,744,719	1,811,420
57,000	GTT Communications	1,318,273	3,377,592
30,700	J2 Global	2,887,960	3,501,275
32,500	Monolithic Power Systems	4,523,304	5,720,541
27,000	Nutanix	1,800,565	1,833,499
24,600	Paycom	2,178,930	3,201,428
232,400	Pure Storage	5,532,974	7,307,861
129,000	Upland Software	3,269,110	5,838,336
87,100	WNS Holdings	1,845,460	5,984,695
		36,078,503	55,247,229
<b>Materials - 2.63 %</b>			
332,589	Ferroglobe	4,798,057	3,753,259
13,450	Neenah	1,414,055	1,502,775
		6,212,112	5,256,034
<b>Telecommunication Services - 4.39 %</b>			
215,900	Boingo Wireless	3,502,793	6,422,272
177,025	Orbcomm	2,296,247	2,354,376
		5,799,040	8,776,648
<b>Total U.S. equity investments - 94.42 %</b>		<b>137,723,649</b>	<b>188,840,866</b>
Other assets - net - 5.58 %			11,165,563
<b>Total net assets - 100.00 %</b>			<b>200,006,429</b>

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



P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**STATEMENTS OF FINANCIAL POSITION**

**(unaudited)**

As at

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash	14,635,016	6,213,331
Investments at fair value through profit or loss	192,439,921	190,717,512
Due from brokers for investment securities sold	1,430,086	835,228
Accrued income	467,196	311,463
Other receivables	230,356	203,854
<b>Total assets</b>	<b>209,202,575</b>	<b>198,281,388</b>
<b>Liabilities</b>		
Accrued expenses	39,739	38,350
Distributions payable to unitholders	-	9,908,570
Due to brokers for investment securities purchased	1,562,066	1,065,513
Management fees payable	-	149,486
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>1,601,805</b>	<b>11,161,919</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>207,600,770</b>	<b>187,119,469</b>
<b>Net assets attributable to holders of redeemable units</b>		
Net assets - Class A	<b>207,600,770</b>	<b>119,120,142</b>
Net assets - Class O	-	<b>67,999,327</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
Net assets - Class A	<b>30.00</b>	<b>29.33</b>
Net assets - Class O	-	<b>31.60</b>
<b>Investments, at cost</b>	<b>161,507,624</b>	<b>152,919,198</b>

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividend income	2,629,498	3,067,703
Interest income for distribution purposes	18,188	59,844
Net realized gains (losses) on investments at fair value through profit or loss	10,134,218	9,270,502
Net change in unrealized gains (losses) on investments at fair value through profit or loss	(6,866,017)	13,332,212
Net realized foreign exchange gains (losses)	(545,795)	(315,936)
<b>Total operating income (loss)</b>	<b>5,370,092</b>	<b>25,414,325</b>
<b>Expenses</b>		
Management fees (Note 5)	(3,013)	1,006,203
Securityholders' information fees	58,175	53,446
Filing fees	20,704	21,870
Custodial fees	99,818	96,652
Audit fees	9,571	8,902
Legal fees	2,503	2,675
Independent Review Committee fees	1,690	1,872
Fund valuation fees	18,228	18,445
Registration fees	27,709	12,029
Transaction costs on purchase and sale of investments	297,548	231,157
<b>Total operating expenses</b>	<b>532,933</b>	<b>1,453,251</b>
<b>Profit (loss) before taxes</b>	<b>4,837,159</b>	<b>23,961,074</b>
Withholding taxes	(352,159)	(410,766)
<b>Profit (loss) after taxes</b>	<b>4,485,000</b>	<b>23,550,308</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>4,485,000</b>	<b>23,550,308</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		
Net assets - Class A	<b>2,306,393</b>	<b>15,368,997</b>
Net assets - Class O	<b>2,178,607</b>	<b>8,181,311</b>
<b>Weighted average number of redeemable units outstanding during the period</b>		
Net assets - Class A	6,386,129	4,427,131
Net assets - Class O	2,292,546	2,075,991
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>		
Net assets - Class A	<b>0.36</b>	<b>3.47</b>
Net assets - Class O	<b>0.95</b>	<b>3.94</b>

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE UNITS**

(unaudited)

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Net assets attributable to holders of redeemable units at beginning of year</b>	<b>187,119,469</b>	<b>167,445,256</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>4,485,000</b>	<b>23,550,308</b>
<b>Distributions to holders of redeemable units</b>		
From management fee rebates - Class A	(3,013)	(22,364)
<b>Total distributions to holders of redeemable units</b>	<b>(3,013)</b>	<b>(22,364)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued - Class A	23,218,461	8,706,900
Proceeds from redeemable units issued - Class O	6,815,856	9,843,910
Redemption of redeemable units - Class A	(12,036,204)	(15,312,643)
Redemption of redeemable units - Class O	(2,128,009)	(9,977,259)
Transfer from Class O redeemable units to Class A redeemable units	(74,865,781)	-
Transfer to Class A redeemable units from Class O redeemable units	74,994,991	-
<b>Net increase (decrease) from unit transactions</b>	<b>15,999,314</b>	<b>(6,739,092)</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>207,600,770</b>	<b>184,234,108</b>

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**STATEMENTS OF CASH FLOWS**

(unaudited)

For the six-month periods ended June 30

(IN CANADIAN DOLLARS)	2018 \$	2017 \$
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable units	4,485,000	23,550,308
Adjustments for:		
Interest income for distribution purposes	(18,188)	(59,844)
Dividend income	(2,629,498)	(3,067,703)
Taxes recognized in comprehensive income	352,159	410,766
	<u>2,189,473</u>	<u>20,833,527</u>
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(90,654,158)	(61,000,543)
Proceeds from sale and maturity of investments	91,902,402	75,644,319
Net realized losses (gains) on investments at fair value through profit or loss	(10,134,218)	(9,270,502)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	6,866,017	(13,332,212)
Transaction costs on purchase and sale of investments	297,548	231,157
Net decrease (increase) in due from/to brokers	(98,305)	875,661
Net decrease (increase) in other receivables	(26,502)	(120,879)
Net increase (decrease) in accrued expenses and other payables	(148,097)	12,873
	<u>194,160</u>	<u>13,873,401</u>
Interest received	18,188	59,844
Dividends received	2,473,765	2,838,616
Taxes paid	(352,159)	(410,766)
<b>Net cash flows provided from operating activities</b>	<u>2,333,954</u>	<u>16,361,095</u>
<b>Cash flows provided from financing activities</b>		
Distributions to holders of redeemable units	(429,494)	(103,548)
Proceeds from redeemable units issued	95,547,219	12,975,560
Redemption of redeemable units	(89,029,994)	(25,289,902)
<b>Net cash flows provided from financing activities</b>	<u>6,087,731</u>	<u>(12,417,890)</u>
<b>Net increase (decrease) in cash</b>	<u>8,421,685</u>	<u>3,943,205</u>
<b>Cash at the beginning of the period</b>	<u>6,213,331</u>	<u>5,384,948</u>
<b>Cash at the end of the period</b>	<u>14,635,016</u>	<u>9,328,153</u>
<b>Non-Cash Transactions</b>		
Reinvested distributions from management fee rebates	3,013	22,364
Reinvested distributions from net investment income and capital gains	9,482,089	5,552,886

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

<b>Number of shares</b>	<b>Investments - Developed Europe</b>	<b>Cost \$</b>	<b>Fair Value \$</b>
	<b>Austria - 0.73 %</b>		
9,517	Schoeller-Bleckmann Oilfield Equipment	1,396,534	1,509,892
	<b>Belgium - 1.00 %</b>		
17,013	Melexis	2,196,686	2,077,273
	<b>Denmark - 1.77 %</b>		
35,116	Royal Unibrew	2,124,167	3,680,824
	<b>France - 3.70 %</b>		
10,498	Alten	1,438,371	1,423,682
21,356	Nexity	1,536,293	1,774,446
29,519	Rubis	1,567,361	2,425,499
29,519	Rubis - Rights	-	-
27,594	Worldline	1,556,974	2,056,274
		6,098,999	7,679,901
	<b>Germany - 4.67 %</b>		
20,839	Aurelius	958,845	1,629,072
34,653	Cts Eventim AG & Co	1,977,195	2,244,880
13,435	Grenkeleasing	1,430,073	2,019,036
23,561	Norma Group	1,594,364	2,125,922
14,145	Stabilus	1,143,126	1,673,868
		7,103,603	9,692,778
	<b>Hungary - 0.88 %</b>		
143,694	MOL Hungarian Oil & Gas	1,623,583	1,825,213
	<b>Ireland - 1.63 %</b>		
22,486	Kingspan Group	614,107	1,480,855
132,058	UDG Healthcare	1,819,300	1,894,406
		2,433,407	3,375,261
	<b>Israel - 3.20 %</b>		
18,399	Frutarom Industries	2,115,458	2,370,332
72,591	Mizrahi Tefahot Bank	1,533,228	1,752,201
19,154	Wix.com	1,779,771	2,527,159
		5,428,457	6,649,692
	<b>Italy - 5.26 %</b>		
88,866	Amplifon	2,200,009	2,423,953
67,114	Autogrill	1,007,891	1,095,701
25,561	Banca IFIS	878,229	1,012,060
9,803	Brunello Cucinelli	561,944	575,885
82,502	Cerved Information Solutions	820,810	1,165,730
18,761	DiaSorin	1,539,039	2,815,115
45,568	Gima TT	950,859	986,090
7,342	Industria Macchine Automatiche	415,481	841,199
		8,374,262	10,915,733

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

<b>Number of shares</b>	<b>Investments - Developed Europe (continued)</b>	<b>Cost \$</b>	<b>Fair Value \$</b>
	<b>Jersey Islands - 0.78 %</b>		
138,001	Sanne Group	1,568,640	1,615,364
	<b>Netherlands - 1.07 %</b>		
26,531	Euronext Amsterdam N.V.	2,063,891	2,218,693
	<b>Norway - 1.02 %</b>		
43,926	TGS-NOPEC Geophysical Company	1,470,658	2,126,848
	<b>Sweden - 6.03 %</b>		
44,005	Swedish Orphan Biovitrum	1,255,518	1,264,681
150,523	Dometic Group	1,970,997	1,947,730
31,213	Evolution Gaming Group	2,661,500	2,556,430
65,630	Indutrade	2,026,711	2,065,187
15,213	Loomis	640,096	696,589
8,754	Nolato	1,020,042	930,654
93,379	Thule Group	2,404,780	3,059,198
		11,979,644	12,520,469
	<b>Switzerland - 1.41 %</b>		
6,008	Kardex	882,734	1,093,608
5,745	Tecan Group	1,652,501	1,834,223
		2,535,235	2,927,831
	<b>United Kingdom - 20.21 %</b>		
117,624	Abcam	1,952,570	2,725,085
186,151	Arrow Global Group	1,269,488	782,364
46,698	Aveva Group	1,790,038	2,178,375
350,468	Beazley	2,666,914	3,566,764
90,227	Burford Capital	1,255,598	2,344,210
21,459	CVS Group	414,022	424,112
52,434	Dechra Pharmaceuticals	2,500,531	2,533,369
85,482	Diploma	1,707,481	1,946,282
306,338	Domino's Pizza Group	1,978,381	1,845,583
159,750	Electrocomponents	2,021,770	2,102,996
41,971	Fevertree Drinks	1,438,010	2,471,026
59,018	Halma	929,717	1,404,214
53,174	Hill & Smith Holdings	1,241,134	1,365,827
98,209	Intermediate Capital Group	1,189,784	1,879,582
201,254	Rotork	1,216,182	1,169,846
133,772	Scapa Group	992,543	1,010,144
16,929	Spirax-Sarco Engineering	1,301,356	1,916,934
262,703	SSP Group	2,031,492	2,893,930
156,441	The UNITE Group	2,306,820	2,339,279
22,977	Victrex	1,178,192	1,162,817
125,649	Workspace Group	1,831,076	2,356,737
73,000	Subsea 7	1,505,168	1,535,774
		34,718,267	41,955,250
	<b>Total investments</b>		
	<b>Developed Europe - 53.36 %</b>	<b>91,116,033</b>	<b>110,771,022</b>

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Developed Asia	Cost \$	Fair Value \$
	<b>Australia - 3.31 %</b>		
22,969	Corporate Travel Management	611,619	609,441
162,050	Costa Group Holdings	1,361,962	1,299,360
189,731	DuluxGroup	998,635	1,410,673
437,318	Orora	1,067,876	1,517,373
190,964	Reliance Worldwide Corporation	1,016,228	994,817
21,159	SmartGroup Corporation	239,456	239,990
166,068	The Star Entertainment Group	993,796	795,719
		6,289,572	6,867,373
	<b>Hong Kong - 0.98 %</b>		
664,400	MGM China Holdings	2,067,103	2,027,474
	<b>Japan - 17.40 %</b>		
51,700	Asahi Intecc	2,327,982	2,572,611
20,400	Benefit One	577,850	758,305
32,000	en-japan	2,076,172	2,124,376
43,600	IT Holdings	1,440,982	2,640,744
24,700	Japan Lifeline	1,017,241	798,463
8,700	Kose	1,100,950	2,466,274
92,000	Maeda Corporation	1,478,640	1,391,960
34,800	Matsumotokiyoshi Holdings	1,927,885	2,056,089
16,500	Meitec Corporation	675,775	1,042,474
67,000	Nihon M&A Center	697,370	2,558,146
1,300	Nihon Unisys	42,185	42,982
34,700	Nissan Chemical Industries	1,139,338	2,130,540
32,700	Paltac Corporation	2,026,915	2,477,639
21,800	Pola Orbis Holdings	672,058	1,262,120
24,900	Sankyu	1,340,380	1,721,044
13,500	Seria Co.	968,501	852,933
26,900	Stanley Electric	1,019,057	1,207,574
20,600	TechnoPro Holdings	1,572,677	1,666,034
34,700	Tokyo Century	1,619,098	2,587,967
73,000	Topcon Corporation	1,780,371	1,647,199
5,900	Tsuruha Holdings	838,598	973,249
23,085	UT Group	1,048,163	1,137,752
		27,388,188	36,116,475
	<b>New Zealand - 0.65 %</b>		
102,498	Fisher & Paykel Healthcare	1,143,476	1,359,264
	<b>Total investments - Developed Asia - 22.34 %</b>	<b>36,888,339</b>	<b>46,370,586</b>

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

P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

<b>Number of shares</b>	<b>Investments - Emerging Asia</b>	<b>Cost \$</b>	<b>Fair Value \$</b>
	<b>Cambodia - 0.45 %</b>		
774,000	NagaCorp	1,026,584	926,603
	<b>China - 4.54 %</b>		
506,000	3SBio	1,558,650	1,511,862
281,000	China Medical System Holdings	744,754	738,766
96,400	Fuyao Glass Industry Group	457,403	428,329
397,000	Kingsoft	1,394,358	1,584,243
686,000	Li-Ning	974,029	994,935
254,000	Travelsky Technology	981,097	973,138
9,425	51job	1,079,877	1,210,546
12,522	Baozun	936,634	901,017
15,834	Noah Holdings Limited	985,076	1,086,218
		9,111,878	9,429,054
	<b>India - 3.43 %</b>		
28,667	Balkrishna Industries	711,577	573,229
262,205	Crompton Greaves Consumer Electricals	1,298,093	1,138,728
62,839	Cyient	997,798	924,758
44,248	Indiabulls Housing Finance	568,801	970,591
58,466	Jubilant Foodworks	1,301,229	1,556,303
122,572	KEC International	995,745	788,239
61,822	Mindtree	947,898	1,171,393
		6,821,141	7,123,241
	<b>Taiwan - 3.16 %</b>		
554,000	Chailease Holding	2,179,010	2,390,264
63,000	Eclat Textile Company	1,018,876	985,337
81,000	Globalwafers	1,566,204	1,771,858
20,359	Silicon Motion Technology	1,254,799	1,416,453
		6,018,889	6,563,912
	<b>Thailand - 0.86 %</b>		
533,900	Tisco Financial Group	1,515,523	1,780,696
	<b>Total investments - Emerging Asia - 12.44 %</b>	<b>24,494,015</b>	<b>25,823,506</b>

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



P E M B R O K E

**THE GBC INTERNATIONAL GROWTH FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Emerging Europe, Africa Middle East (EMEA)	Cost \$	Fair Value \$
	<b>South Africa - 2.76 %</b>		
122,352	AVI	1,115,181	1,270,550
92,427	Clicks Group	1,736,645	1,743,337
55,015	The Bidvest Group	806,808	1,040,215
8,800	Hana Tour Service	1,267,435	907,792
1,334	Hugel	983,443	759,076
		5,909,512	5,720,970
	<b>Total investments - EMEA - 2.76 %</b>	<b>5,909,512</b>	<b>5,720,970</b>
	<b>Investments - Emerging Latin America</b>		
	<b>Argentina - 0.78 %</b>		
19,165	Globant	1,352,397	1,431,703
13,216	Grupo Supervielle	496,426	183,932
		1,848,823	1,615,635
	<b>Brazil - 1.02 %</b>		
67,100	CVC Brasil Operadora e Agencia de Viagens	608,269	1,036,970
135,730	Localiza Rent a Car	642,633	1,101,232
		1,250,902	2,138,202
	<b>Total investments - Emerging Latin America - 1.80 %</b>	<b>3,099,725</b>	<b>3,753,837</b>
	<b>Total Investments - 92.70 %</b>	<b>161,507,624</b>	<b>192,439,921</b>
	Other net assets - 7.30 %		15,160,849
	<b>Total net assets - 100.00 %</b>		<b>207,600,770</b>

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

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**STATEMENTS OF FINANCIAL POSITION**

**(unaudited)**

As at

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
(IN CANADIAN DOLLARS)	\$	\$
<b>Assets</b>		
Cash	1,992,975	1,163,598
Investments at fair value through profit or loss	47,219,775	53,661,092
Due from brokers for investment securities sold	-	47,651
Accrued income	238,982	245,897
HST/QST receivable	84,614	74,498
<b>Total assets</b>	<b>49,536,346</b>	<b>55,192,736</b>
<b>Liabilities</b>		
Due to brokers for investment securities purchased	50,511	80,456
Distributions payable to unitholders	441,951	3,140,794
Management fees payable	-	56,911
Accrued expenses	4,878	5,054
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>497,340</b>	<b>3,283,215</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>49,039,006</b>	<b>51,909,521</b>
<b>Net assets attributable to holders of redeemable securities per unit</b>		
Net assets CAD	<b>13.14</b>	<b>13.97</b>
<b>Investments, at cost</b>	<b>42,486,000</b>	<b>45,776,194</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividend income	523,721	578,505
Interest income for distribution purposes	74,806	71,174
Distributions from underlying funds	251,729	268,708
Net realized gains (losses) on investments at fair value through profit or loss	(68,681)	1,996,588
Net change in unrealized gains (losses) on investments at fair value through profit or loss	(3,151,123)	321,450
Net realized foreign exchange gains (losses)	982	9,974
<b>Total operating income (loss)</b>	<b>(2,368,566)</b>	<b>3,246,399</b>
<b>Expenses</b>		
Management fees (Note 5)	-	434,889
Securityholders' information fees	18,957	18,056
Filing fees	14,354	14,524
Custodial fees	3,777	3,501
Audit fees	5,750	5,383
Legal fees	2,485	2,648
Independent Review Committee fees	1,690	1,872
Fund Valuation	17,898	17,741
Transaction costs on purchase and sale of investments	41,452	44,956
<b>Total operating expenses</b>	<b>106,363</b>	<b>543,570</b>
<b>Profit (loss) before taxes</b>	<b>(2,474,929)</b>	<b>2,702,829</b>
Withholding taxes	(4,886)	(5,357)
<b>Profit (loss) after tax</b>	<b>(2,479,815)</b>	<b>2,697,472</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>redeemable units</b>	<b>(2,479,815)</b>	<b>2,697,472</b>
<b>Weighted average number of redeemable units outstanding</b>		
<b>during the period</b>	<b>3,814,521</b>	<b>3,976,200</b>
<b>Increase (decrease) in net assets attributable to holders of</b>		
<b>redeemable units per unit</b>	<b>(0.65)</b>	<b>0.68</b>

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

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE UNITS**

(unaudited)

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>51,909,521</b>	<b>52,341,255</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>(2,479,815)</b>	<b>2,697,472</b>
<b>Distributions to holders of redeemable units</b>		
From net investment income	(702,198)	(320,703)
<b>Total distributions to holders of redeemable units</b>	<b>(702,198)</b>	<b>(320,703)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	7,324,491	4,751,268
Redemption of redeemable units	(7,012,993)	(4,359,037)
<b>Net increase (decrease) from unit transactions</b>	<b>311,498</b>	<b>392,231</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>49,039,006</b>	<b>55,110,255</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**STATEMENTS OF CASH FLOWS**

(unaudited)

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
<small>(IN CANADIAN DOLLARS)</small>	<b>\$</b>	<b>\$</b>
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable units	(2,479,815)	2,697,472
Adjustments for:		
Interest income for distribution purposes	(74,806)	(71,174)
Dividend income	(523,721)	(578,505)
Taxes recognized in comprehensive income	4,886	5,357
	<b>(3,073,456)</b>	<b>2,053,150</b>
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(6,093,761)	(7,420,026)
Proceeds from sale and maturity of investments	9,273,822	7,929,533
Net realized losses (gains) on investments at fair value through profit or loss	68,681	(1,996,588)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	3,151,123	(321,450)
Transaction costs on purchase and sale of investments	41,452	44,956
Net decrease (increase) in due from/to brokers	17,706	609,961
Net decrease (increase) in other receivables	(10,116)	(57,160)
Net increase (decrease) in accrued expenses and other payables	(57,087)	2,182
	<b>3,318,364</b>	<b>844,558</b>
Interest received	74,806	71,174
Dividends received	530,636	595,576
Taxes paid	(4,886)	(5,357)
<b>Net cash flows provided from operating activities</b>	<b>3,918,920</b>	<b>1,505,951</b>
<b>Cash flows provided from financing activities</b>		
Distributions to holders of redeemable units	(135,404)	(28,204)
Proceeds from redeemable units issued	4,058,854	3,440,866
Redemption of redeemable units	(7,012,993)	(4,359,037)
<b>Net cash flows provided from financing activities</b>	<b>(3,089,543)</b>	<b>(946,375)</b>
<b>Net increase (decrease) in cash</b>	<b>829,377</b>	<b>559,576</b>
<b>Cash at the beginning of the period</b>	<b>1,163,598</b>	<b>864,415</b>
<b>Cash at the end of the period</b>	<b>1,992,975</b>	<b>1,423,991</b>
<b>Non-Cash Transactions</b>		
Reinvested distributions from net investment income and capital gains	3,265,637	1,310,402

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

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments	Cost \$	Fair Value \$
<b>Canadian Fixed Income</b>			
<b>Mutual Funds - 30.72 %</b>			
1,184,688	The GBC Canadian Bond Fund	15,291,834	15,066,389
<b>Canadian Equities</b>			
<b>Consumer Discretionary - 14.47 %</b>			
34,900	Cineplex	1,285,821	1,018,382
8,500	Cogeco	421,898	494,020
44,500	EnerCare	871,451	800,110
16,700	Gamehost	198,927	199,064
18,000	Gildan Activewear	659,436	666,540
23,200	New Look Vision	490,255	778,360
23,800	Park Lawn Corp	288,567	579,054
31,700	Pollard Banknote	189,331	682,818
32,700	Sleep Country Canada	816,890	1,065,039
87,700	Stingray Digital Group	769,560	762,990
5,800	Stingray Digital Group - Subscription Receipts	60,320	50,402
		6,052,456	7,096,779
<b>Consumer Staples - 2.44 %</b>			
29,300	Jamieson Wellness	520,128	779,966
9,500	Saputo	228,273	414,675
		748,401	1,194,641
<b>Energy - 3.27 %</b>			
49,000	Enerflex	774,535	692,860
105,150	ZCL Composites	731,665	909,548
		1,506,200	1,602,408
<b>Financials - 6.83 %</b>			
34,100	Canadian Western Bank	958,449	1,181,564
109,400	Chesswood Group	1,280,866	1,188,084
42,500	Guardian Capital Group	922,823	978,775
		3,162,138	3,348,423
<b>Industrials - 14.43 %</b>			
19,700	Badger Daylighting	525,033	623,899
15,050	Calian Group	483,676	470,313
22,400	Exchange Income Corporation	752,924	717,696
59,200	Hardwoods Distribution	984,582	1,010,544
164,900	Horizon North Logistics	372,702	433,687
31,900	Morneau Shepell	494,260	867,042
13,100	Ritchie Bros. Auctioneers	600,502	587,404
107,200	Rocky Mountain Dealerships	1,061,412	1,180,272
38,900	Transcontinental	677,778	1,187,617
		5,952,869	7,078,474

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

P E M B R O K E

**THE GBC GROWTH AND INCOME FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments	Cost \$	Fair Value \$
<b>Canadian Equities (continued)</b>			
<b>Information Technology - 8.66 %</b>			
82,800	Evertz Technologies	1,407,459	1,323,144
127,000	Sylogist	1,097,091	1,511,300
45,600	TecSys	209,181	702,240
82,000	Vecima Networks	862,243	709,300
		3,575,974	4,245,984
<b>Materials - 4.88 %</b>			
36,300	Chemtrade Logistics	662,207	543,411
40,000	Richards Packaging	825,925	1,510,400
103,400	Supremex	465,190	340,186
		1,953,322	2,393,997
<b>Real Estate - 6.79 %</b>			
20,700	Altus Group	273,454	606,717
89,400	Automotive Properties Real Estate Investments	733,308	933,336
336,800	PRO Real Estate Investment Trust	536,509	767,904
92,800	Tricon Capital Group	718,714	1,023,584
		2,261,985	3,331,541
	<b>Total Canadian Equities - 61.77 %</b>	25,213,345	30,292,247
<b>US Equities</b>			
<b>Consumer Discretionary - 1.00 %</b>			
25,100	Collectors Universe	629,930	486,680
<b>Financials - 2.80 %</b>			
14,700	James River Group Holdings	765,759	759,751
12,278	Main Street Capital	585,132	614,708
		1,350,891	1,374,459
	<b>Total US Equities - 3.80 %</b>	1,980,821	1,861,139
	<b>Total Investments - 96.29 %</b>	<b>42,486,000</b>	<b>47,219,775</b>
	Other assets - net - 3.71 %		1,819,231
	<b>Total net assets - 100.00 %</b>		<b>49,039,006</b>

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

P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**STATEMENTS OF FINANCIAL POSITION**

**(unaudited)**

As at

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
<small>(IN CANADIAN DOLLARS)</small>	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash	252,243	37,161
Investments at fair value through profit or loss	41,552,457	42,978,331
Due from brokers for investment securities sold	196,635	-
Accrued income	305,956	341,464
HST/QST receivable	41,543	38,156
<b>Total assets</b>	<b>42,348,834</b>	<b>43,395,112</b>
<b>Liabilities</b>		
Accrued expenses	5,671	6,315
Distributions payable to unitholders	349,765	340,912
Due to brokers for investment securities purchased	1,436,000	-
Management fees payable	-	13,375
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>1,791,436</b>	<b>360,602</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>40,557,398</b>	<b>43,034,510</b>
<b>Net assets attributable to holders of redeemable units</b>		
Net assets - Class A	<b>40,557,398</b>	<b>25,131,728</b>
Net assets - Class O	-	<b>17,902,782</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
Net assets - Class A	<b>12.72</b>	<b>12.84</b>
Net assets - Class O	-	<b>12.82</b>
<b>Investments, at cost</b>	<b>40,798,924</b>	<b>41,920,547</b>

*The accompanying notes are an integral part of these interim financial statements*



P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Interest income for distribution purposes	778,447	854,884
Net realized gains (losses) on investments		
at fair value through profit or loss	(131,954)	(53,479)
Net change in unrealized gains (losses) on investments		
at fair value through profit or loss	(304,251)	240,744
<b>Total operating income (loss)</b>	<b>342,242</b>	<b>1,042,149</b>
<b>Expenses</b>		
Management fees (Note 5)	-	130,880
Securityholders' information fees	11,625	12,597
Filing fees	14,269	15,680
Custodial fees	1,796	1,500
Audit fees	10,053	10,934
Legal fees	2,466	2,633
Independent Review Committee fees	1,690	1,872
Fund valuation fees	19,829	18,283
<b>Total operating expenses</b>	<b>61,728</b>	<b>194,379</b>
<b>Profit (loss) before taxes</b>	<b>280,514</b>	<b>847,770</b>
Taxes recovered (paid)	-	-
<b>Profit (loss) after taxes</b>	<b>280,514</b>	<b>847,770</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>280,514</b>	<b>847,770</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		
Net assets - Class A	<b>341,203</b>	<b>519,056</b>
Net assets - Class O	<b>(60,689)</b>	<b>328,714</b>
<b>Weighted average number of redeemable units outstanding during the period</b>		
Net assets - Class A	3,008,095	2,338,485
Net assets - Class O	1,415,583	1,218,480
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>		
Net assets - Class A	<b>0.11</b>	<b>0.22</b>
Net assets - Class O	<b>(0.04)</b>	<b>0.27</b>

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

P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE UNITS**

(unaudited)

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	\$	\$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>43,034,510</b>	<b>47,132,647</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>280,514</b>	<b>847,770</b>
<b>Distributions to holders of redeemable units</b>		
From net investment income - Class A	(690,496)	(374,774)
From net investment income - Class O	-	(272,474)
<b>Total distributions to holders of redeemable units</b>	<b>(690,496)</b>	<b>(647,248)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued - Class A	1,980,572	3,152,478
Proceeds from redeemable units issued - Class O	1,061,176	600,318
Redemption of redeemable units - Class A	(4,304,458)	(5,789,148)
Redemption of redeemable units - Class O	(801,176)	(45,380)
Transfer from Class O redeemable units to Class A redeemable units	(18,102,093)	-
Transfer to Class A redeemable units from Class O redeemable units	18,098,849	-
<b>Net increase (decrease) from unit transactions</b>	<b>(2,067,130)</b>	<b>(2,081,732)</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>40,557,398</b>	<b>45,251,437</b>

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

P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**STATEMENTS OF CASH FLOWS**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
<small>(IN CANADIAN DOLLARS)</small>	<b>\$</b>	<b>\$</b>
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable units	280,514	847,770
Adjustments for:		
Interest income for distribution purposes	(778,447)	(854,884)
	<u>(497,933)</u>	<u>(7,114)</u>
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(8,049,321)	(4,663,406)
Proceeds from sale and maturity of investments	9,038,990	6,586,155
Net realized losses (gains) on investments at fair value through profit or loss	131,954	53,479
Net change in unrealized losses (gains) on investments at fair value through profit or loss	304,251	(240,744)
Net decrease (increase) in due from/to brokers	1,239,365	178,665
Net decrease (increase) in other receivables	(3,387)	(6,845)
Net increase (decrease) in accrued expenses and other payables	(14,019)	(1,282)
	<u>2,149,900</u>	<u>1,898,908</u>
Interest received	813,955	922,839
<b>Net cash flows provided from operating activities</b>	<u>2,963,855</u>	<u>2,821,747</u>
<b>Cash flows provided from financing activities</b>		
Distributions to holders of redeemable units	(24,715)	(29,640)
Proceeds from redeemable units issued	20,483,669	3,085,497
Redemption of redeemable units	(23,207,727)	(5,834,528)
<b>Net cash flows provided from financing activities</b>	<u>(2,748,773)</u>	<u>(2,778,671)</u>
<b>Net increase (decrease) in cash</b>	<u>215,082</u>	<u>43,076</u>
<b>Cash at the beginning of the period</b>	<u>37,161</u>	<u>22,519</u>
<b>Cash at the end of the period</b>	<u>252,243</u>	<u>65,595</u>
<b>Non-Cash Transactions</b>		
Reinvested distributions from net investment income and capital gains	656,928	667,299

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Investments	Face Value	Coupon Rate	Maturity Date	Cost \$	Fair	% of Net
					Value \$	Assets
<b>Canada Treasury Bills</b>						
Canada Treasury Bill	1,250,000	1.099%	23-Aug-2018	1,247,900	1,247,922	3.08%
<b>Canadian Governmental Issuers or Canadian Government-Related Issuers</b>						
CBC Monetization Trust	211,079	4.688%	15-May-2027	238,293	229,177	
Milit-Air (SINK)	410,118	5.750%	30-Jun-2019	453,509	420,262	
New Brunswick Highway	1,520,510	6.470%	30-Nov-2027	1,900,069	1,771,884	
ORNGE Issuer Trust	1,655,536	5.727%	11-Jun-2034	1,659,775	1,905,568	
Toronto Hospital Secured	1,505,182	5.640%	8-Dec-2022	1,715,867	1,604,350	
				5,967,513	5,931,241	14.62%
<b>Asset/Mortgaged-Backed</b>						
ICICI Bank NHA MBS	250,000	CDOR+.6515%	1-Jul-2019	92,281	92,526	
MCAP Service NHA MBS	419,000	M CDOR+45.21	1-Sep-2021	292,039	294,737	
Merrill Lynch NHA MBS	454,000	M CDOR + 5	1-Dec-2019	261,865	263,452	
Merrill Lynch NHA MBS	213,000	M CDOR+39	1-Oct-2020	133,196	134,001	
Merrill Lynch NHA MBS	579,000	M CDOR+24	1-Jun-2022	501,237	504,270	
				1,280,618	1,288,986	3.18%
<b>Canadian Corporations</b>						
Bank of Montreal	2,335,000	3M CDOR + 19	1-Feb-2023	2,334,564	2,328,579	
Bankers Hall	535,028	4.377%	20-Nov-2023	535,028	539,993	
Enbridge Gas Distribution	791,000	3.510%	29-Nov-2047	788,285	784,048	
Eurofima	74,000	4.550%	30-Mar-2027	82,869	82,837	
GE Capital Canada Funding Company	1,941,000	Q CDOR +120	6-Feb-2023	1,952,963	1,993,407	
Greater Toronto Airports Authority	404,767	6.450%	30-Jul-2029	512,233	480,992	
Highway 407	2,526,000	7.125%	26-Jul-2040	3,025,978	3,851,190	
Honda Canada Finance	275,000	2.039%	18-Dec-2020	275,000	275,210	
SP LP & SP1 LP	1,189,675	3.210%	15-Jun-2019	1,210,926	1,192,307	
Lloyds Bank	1,436,000	3M CDOR + 55	11-Jul-2023	1,436,000	1,437,672	
Maritimes & Northeast Pipeline	46,700	4.340%	30-Nov-2019	47,545	47,263	
Maritimes & Northeast Pipeline	278,100	6.900%	30-Nov-2019	314,125	288,282	
NAV Canada	1,303,135	7.560%	1-Mar-2027	1,641,694	1,559,686	
NAV Canada	49,000	7.400%	1-Jun-2027	71,075	65,875	
North Battleford Power	301,124	4.958%	31-Dec-2032	330,506	328,389	
NOVA Gas Transmission	102,000	9.900%	16-Dec-2024	156,550	139,510	
PSPIB-RE Summit	346,472	3.266%	12-Jun-2020	347,823	345,904	
Royal Bank of Canada	3,141,000	3M CDOR + 36	23-Mar-2020	3,141,000	3,153,822	
Toronto-Dominion Bank	1,814,000	1.680%	8-Jun-2021	1,807,213	1,770,303	
Toronto-Dominion Bank	490,000	3M CDOR + 31	28-Jun-2023	490,000	490,000	
TransCanada PipeLines	500,000	8.290%	5-Feb-2026	676,990	660,404	
TransCanada PipeLines	443,000	5.650%	20-Jun-2029	500,457	510,911	
WTH Car Rental ULC	20,000	2.542%	20-Aug-2019	20,482	20,030	
WTH Car Rental ULC	200,000	1.912%	20-Jul-2020	197,120	197,196	
				21,896,426	22,543,810	55.58%
<b>Total Bonds - Canadian</b>				<b>29,144,557</b>	<b>29,764,037</b>	<b>73.39%</b>

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

P E M B R O K E

**THE GBC CANADIAN BOND FUND**

**Schedule of Investment Portfolio - (continued)**  
**(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Investments	Face Value	Coupon Rate	Maturity Date	Cost \$	Fair Value \$	% of Net Assets
<b>Foreign Governmental Issuers or Foreign Government-Related Issuers - Denominated in Canadian Dollar</b>						
BNG						
Eurofima	1,017,000	5.150%	13-Dec-2019	1,139,304	1,058,326	
KFW	944,000	5.050%	4-Feb-2025	1,137,248	1,077,938	
Neder Waterschapsbank	522,000	5.200%	31-Mar-2025	492,403	592,625	
Neder Waterschapsbank	1,433,000	4.550%	16-Mar-2029	1,376,391	1,605,428	
				4,145,346	4,334,317	10.69%
<b>Foreign Corporations - Denominated in Canadian Dollar</b>						
<b>France</b>						
Caisse Francaise de Financement Local	358,000	4.680%	9-Mar-2029	315,620	404,595	
				315,620	404,595	1.00%
<b>United States</b>						
Apple	3,397,000	2.513%	19-Aug-2024	3,397,000	3,311,835	
PepsiCo	767,000	2.150%	6-May-2024	765,564	734,482	
Walt Disney	1,780,000	2.758%	7-Oct-2024	1,782,937	1,755,269	
				5,945,501	5,801,586	14.30%
<b>Total Foreign Bonds</b>				<b>10,406,467</b>	<b>10,540,498</b>	<b>25.99%</b>
<b>Total Investments</b>				<b>40,798,924</b>	<b>41,552,457</b>	<b>102.45%</b>
Other assets - net					(995,059)	(2.45)%
<b>Total net assets</b>					<b>40,557,398</b>	<b>100.00%</b>

Note: When classifying the bonds in its portfolio, the Manager and the portfolio manager rely on the classifications from PC Bond Analytics, a business unit of the FTSE TMX Group. Although some bonds are classified as being issued by governmental issuers under such classification, it does not mean that they are actually issued by a government but rather by an issuer related to a government (provincial or federal).

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

P E M B R O K E

**THE GBC MONEY MARKET FUND**

**STATEMENTS OF FINANCIAL POSITION**

**(unaudited)**

As at

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash	70,670	113,939
Investments at fair value through profit or loss	15,270,600	11,070,466
HST receivable	1,355	1,355
QST receivable	1,866	1,866
<b>Total assets</b>	<b>15,344,491</b>	<b>11,187,626</b>
<b>Liabilities</b>		
Management fees payable	-	1,001
<b>Total Liabilities (excluding net assets attributable to holders of redeemable units)</b>	<b>-</b>	<b>1,001</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>15,344,491</b>	<b>11,186,625</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
Net assets CAD	<b>10.00</b>	<b>10.00</b>
<b>Investments, at cost</b>	<b>15,243,326</b>	<b>11,053,071</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC MONEY MARKET FUND**

**STATEMENTS OF COMPREHENSIVE INCOME**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
<small>(IN CANADIAN DOLLARS)</small>	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Interest income for distribution purposes	68,297	30,905
<b>Total operating income (loss)</b>	<b>68,297</b>	<b>30,905</b>
<b>Expenses</b>		
Management fees (Note 5)	-	35,801
Securityholders' information fees	4,968	4,575
Filing fees	19,615	18,685
Custodial fees	2,208	1,351
Audit fees	7,520	7,074
Legal fees	2,442	2,613
Independent Review Committee fees	1,690	1,872
<b>Total operating expenses</b>	<b>38,443</b>	<b>71,971</b>
<b>Profit (loss) before undernoted</b>	<b>29,854</b>	<b>(41,066)</b>
Expenses absorbed by Manager	38,443	41,973
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>68,297</b>	<b>907</b>
<b>Weighted average number of redeemable units outstanding during the period</b>	<b>1,252,919</b>	<b>1,254,137</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>	<b>0.05</b>	<b>-</b>

*The accompanying notes are an integral part of these interim financial statements*

P E M B R O K E

**THE GBC MONEY MARKET FUND**

**STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO  
HOLDERS OF REDEEMABLE UNITS**

(unaudited)

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>11,186,625</b>	<b>13,728,545</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>68,297</b>	<b>907</b>
<b>Distributions to holders of redeemable units</b>		
From net investment income	(54,269)	(904)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	12,878,811	7,690,680
Redemption of redeemable units	(8,734,973)	(13,551,694)
<b>Net increase (decrease) from unit transactions</b>	<b>4,143,838</b>	<b>(5,861,014)</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>15,344,491</b>	<b>7,867,534</b>

*The accompanying notes are an integral part of these interim financial statements*



P E M B R O K E

**THE GBC MONEY MARKET FUND**

**STATEMENTS OF CASH FLOWS**

**(unaudited)**

For the six-month periods ended June 30

	<b>2018</b>	<b>2017</b>
(IN CANADIAN DOLLARS)	<b>\$</b>	<b>\$</b>
<b>Cash flows provided from operating activities</b>		
Increase (decrease) in amount attributable to holders of redeemable units	68,297	907
Adjustments for:		
Interest income for distribution purposes	(68,297)	(30,905)
	-	(29,998)
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(21,055,408)	(15,266,256)
Proceeds from sale and maturity of investments	16,837,879	21,055,708
Net decrease (increase) in accrued income and other receivables	-	(1,757)
Net increase (decrease) in accrued expenses and other payables	(1,001)	(1,320)
	(4,218,530)	5,756,377
Interest received	85,692	39,634
<b>Net cash flows provided from operating activities</b>	<b>(4,132,838)</b>	<b>5,796,011</b>
<b>Cash flows provided from financing activities</b>		
Distributions to holders of redeemable units	-	-
Proceeds from redeemable units issued	12,824,542	7,689,776
Redemption of redeemable units	(8,734,973)	(13,551,694)
<b>Net cash flows provided from financing activities</b>	<b>4,089,569</b>	<b>(5,861,918)</b>
<b>Net increase (decrease) in cash</b>	<b>(43,269)</b>	<b>(65,907)</b>
<b>Cash at the beginning of the period</b>	<b>113,939</b>	<b>193,547</b>
<b>Cash at the end of the period</b>	<b>70,670</b>	<b>127,640</b>
<b>Non-Cash Transactions</b>		
Reinvested distributions from net investment income	54,269	904

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

P E M B R O K E

**THE GBC MONEY MARKET FUND**

**Schedule of Investment Portfolio  
(unaudited)**

As at June 30, 2018

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

<b>Face Value</b>	<b>Canada Treasury Bills</b>	<b>Cost</b>	<b>Fair Value</b>
		<b>\$</b>	<b>\$</b>
4,750,000	1.09% July 12, 2018	4,737,610	4,748,269
5,950,000	1.20% August 23, 2018	5,927,370	5,939,480
2,600,000	1.17% September 20, 2018	2,593,006	2,593,173
2,000,000	1.375% November 15, 2018	1,985,340	1,989,678
<b>Total short-term investments - 99.52 %</b>		<b>15,243,326</b>	<b>15,270,600</b>
Other assets - net - 0.48 %			73,891
<b>Total net assets - 100.00 %</b>			<b>15,344,491</b>

*The accompanying notes are an integral part of these interim financial statements*

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**1. The Funds**

**(i) Establishment of the Funds**

The GBC Canadian Growth Fund and The GBC Money Market Fund are open-end mutual funds established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated September 8, 1988, as amended by Supplemental Deeds dated November 16, 1988, December 7, 1990, March 27, 1991, January 26, 1996, March 25, 2008 and January 8, 2018.

The GBC American Growth Fund Inc. was a closed-end investment corporation until October 1, 1988, when Articles of Amendment were issued converting the Fund from a corporation to an open-end mutual fund corporation. The Articles were further amended on January 8, 2018.

The GBC International Growth Fund was an unincorporated investment trust created under the laws of the Province of Alberta by a Declaration of Trust dated October 27, 1989, as amended by a Supplemental Deed dated March 25, 1991. On January 6, 1994, the Declaration of Trust was restated to incorporate all amendments up to that date to change the governing laws to the laws of the Province of Ontario. Pursuant to a Simplified Prospectus dated January 7, 1994, the Fund became an open-end mutual fund and was authorized by the Canadian Securities Commissions to sell units to the public starting January 13, 1994. The Declaration of Trust was further amended by Supplemental Declarations dated January 6, 1996, November 30, 2006, March 25, 2008 and January 8, 2018.

The GBC Growth and Income Fund is an open-end mutual fund established in accordance with the laws of the Province of Ontario by a Declaration of Trust dated November 1, 2006, as amended by Supplemental Deed dated January 8, 2018. The Fund was cleared by securities regulators for distribution on January 3, 2007, with the first valuation on January 16, 2007.

The GBC Canadian Bond Fund is an open-end mutual fund established in accordance with the laws of the Province of Ontario by a Declaration of Trust dated December 11, 1984, as amended by Supplemental Deeds dated January 20, 1986, December 15, 1988, October 20, 1989, December 7, 1990, October 15, 1992, January 26, 1996, December 11, 2003, November 30, 2006 and January 8, 2018.

The amendments made on January 8, 2018 to the Articles of Incorporation and the Declarations of Trusts were to allow for the unilateral redemption of units/shares held by unitholders/shareholders at the net asset value per unit/share corresponding to the amount of management fees owed by such holder to the Fund Manager.

**(ii) The Manager and Investment Manager**

Pembroke Private Wealth Management Ltd. (“PPW” or the “Manager”) is the Funds’ Manager. The Manager provides the day-to-day management of the business and operations of the Funds. PPW is also the trustee for all the Funds except for The GBC American Growth Fund Inc. which has a Board of Directors. The registered address of the Funds is: 1002 Sherbrooke Street West, Suite 1700, Montreal, Quebec, Canada.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**1. The Funds - (continued)****(ii) The Manager and Investment Manager - (continued)**

Pembroke Management Ltd. ("PML") is the investment manager of The GBC American Growth Fund Inc., The GBC Canadian Growth Fund, The GBC Money Market Fund and The GBC Growth and Income Fund. PML is the parent company of PPW. Canso Investment Counsel Ltd is the investment manager of The GBC Canadian Bond Fund and William Blair Investment Management, LLC is the investment manager of The GBC International Growth Fund.

**2. Basis of presentation and significant accounting policies**

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They are presented in compliance with International Accounting Standard 34 - *Interim Financial Reporting*.

The significant accounting policies used in the preparation of these financial statements are summarized below. These policies have been applied consistently to all periods presented.

**(i) Functional and presentation currency**

These financial statements are presented in Canadian dollars which is the Funds' functional and presentation currency.

**(ii) Foreign currency translation**

Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized together with other changes in the fair value. Foreign exchange gains and losses on monetary items and non-monetary assets and liabilities other than those classified as fair value through profit or loss are included in the line item net realized foreign exchange gains (losses) in the statements of comprehensive income.

**(iii) Recognition of revenue and expenses**

Interest income for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities. The interest income for distribution purposes is the tax basis of calculating the interest received and is subject to tax. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss.

Dividend income is recognized on the ex-dividend date when the right to receive payment is established.

Dividend and interest income for distribution purposes are recognized gross of withholding tax, if any.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**2. Basis of presentation and significant accounting policies - (continued)****(iii) Recognition of revenue and expenses - (continued)**

Distributions received from underlying funds are recorded at the date of distribution. Distributions are included in distributions from underlying funds and are presented as a separate line item in the statements of comprehensive income.

All expenses are recognized in the statements of comprehensive income on an accrual basis.

**(iv) Due from and due to brokers for investment securities sold or purchased**

Amounts due from and to brokers represent receivables for investment securities sold and payables for investment securities purchased that have been contracted for but not yet settled or delivered on the period-end dates, respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

**(v) Adoption of IFRS 9 - *Financial Instruments* (“IFRS 9”)**

The date of initial application of IFRS 9 (i.e. the date on which the Manager has assessed the Funds' existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is January 1, 2018. The application of IFRS 9 has not had a significant impact on the financial position or financial performance of the Funds.

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Funds' financial statements are described below.

*Classification and measurement of financial assets and financial liabilities*

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

## NOTES TO INTERIM FINANCIAL STATEMENTS

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Period ended June 30, 2018 (unaudited)

### 2. Basis of presentation and significant accounting policies - (continued)

#### (v) Adoption of IFRS 9 “Financial Instruments” (“IFRS 9”) - (continued)

##### *Classification and measurement of financial assets and financial liabilities - (continued)*

The Manager has reviewed and assessed the Funds’ existing financial instruments as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Funds’ financial instruments regarding their classification and measurement:

- Financial assets that were measured at fair value through profit or loss (“FVTPL”) under International Accounting Standard 39 - *Financial Instruments: Recognition and Measurement* (“IAS 39”) continue to be measured at FVTPL under IFRS 9;
- Financial assets classified as loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and
- Financial liabilities classified as other financial liabilities under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9.

There were no financial assets or financial liabilities which the Manager had previously designated as at FVTPL under IAS 39 that were subject to reclassification, or which the Manager has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Manager has elected to designate as at FVTPL at the date of initial application of IFRS 9.

##### *Impairment of financial assets*

IFRS 9 also introduces the expected credit loss (“ECL”) model for impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The ECL impairment model did not have a material impact on the Funds’ financial assets given that the majority of the Funds’ financial assets continue to be measured at FVTPL.

##### *Hedge accounting*

The Manager does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes did not have an impact on the Funds’ financial statements.

#### (vi) Financial assets and financial liabilities at fair value through profit or loss

##### *Classification*

Each of the Funds classifies its investments in debt and equity securities as financial assets or financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**2. Basis of presentation and significant accounting policies - (continued)****(vi) Financial assets and financial liabilities at fair value through profit or loss - (continued)**

*Classification - (continued)*

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Funds' investment strategies.

The Funds classify their financial assets and liabilities as follows:

*Financial assets at fair value through profit or loss:*

Held for trading: derivative financial instruments

Designated at inception at fair value through profit or loss: all other investments including equity and fixed-income securities.

*Financial assets at amortized cost:*

Loans and receivables: cash and other receivables

*Financial liabilities at fair value through profit or loss:*

Held for trading: derivative financial instruments

*Financial liabilities at amortized cost:*

All other liabilities

The Funds do not invest in derivative financial instruments; thus no financial instruments are classified as held for trading. Refer to note 8 for each respective Funds' financial instruments by category classification.

*Recognition, derecognition and measurement*

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**2. Basis of presentation and significant accounting policies - (continued)****(vi) Financial assets and financial liabilities at fair value through profit or loss - (continued)***Recognition, derecognition and measurement - (continued)*

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statements of comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognized in the statements of comprehensive income within dividend income when the Fund's right to receive payment is established.

Purchases and sales of foreign investments are translated at the exchange rates prevailing on the respective dates of such transactions. The fair values of foreign investments represent their quoted market values translated into Canadian dollars at exchange rates prevailing at year-end.

*Fair value estimation*

The fair value of financial assets and liabilities in active markets is based on quoted market prices at the close of trading on each valuation date. The Funds use the last traded market price for both financial assets and 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 specific facts and circumstances. The cost of investments is determined on a weighted average cost basis.

If a significant event causing a material movement in fair value occurs subsequent to the close of trading up to midnight on the valuation date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument or currency affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each valuation date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.



**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**2. Basis of presentation and significant accounting policies - (continued)****(vii) Increase (decrease) in net assets attributable to holders of redeemable units/shares per unit/share**

Increase (decrease) in net assets attributable to holders of redeemable units/shares per unit/share is disclosed in the statements of comprehensive income and represents the increase (decrease) in the net assets attributable to holders of redeemable units/shares for the period divided by the average number of units/shares outstanding during the period.

**(viii) Distributions payable to holders of redeemable units/shares**

The net investment income and net realized capital gains of each of the Funds, as applicable, are paid to the unitholders/shareholders of each relevant Fund as follows:

For The GBC Money Market Fund, the net investment income is distributed monthly on the last valuation day of each month. For The GBC Growth and Income Fund and The GBC Canadian Bond Fund, the net investment income is distributed quarterly on the last valuation day of the quarter and net realized capital gains are distributed once a year on the last valuation day of December. For The GBC American Growth Fund Inc., proposed distributions to holders of redeemable shares in the form of dividends are recognized when they are appropriately authorised by the Board of Directors and not at the discretion of the Fund.

For The GBC Canadian Growth Fund and The GBC International Growth Fund, the net investment income and net realized capital gains are distributed once a year on the last valuation day of December.

The distributions to holders of redeemable units/shares are recognised in the statements of changes in net assets attributable to holders of redeemable units/shares.

**(ix) Taxation**

The Funds are domiciled in Canada and under the current *Income Tax Act* (Canada) are not subject to tax on income, profits or capital gains or other taxes payable for the year if they allocate such gains (less capital losses carried forward) and earnings to unitholders/shareholders.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income.

Refer to Note 6 for the disclosure relating to taxation.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**2. Basis of presentation and significant accounting policies - (continued)****(x) Fair value measurement**

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

IFRS 13 *Fair value measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Valuation based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.

Level 2: Valuation based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Valuation based on inputs that are partially unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The inputs are considered as observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

Refer to Note 7 for fair value hierarchy and related disclosures.

**3. Accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the Manager to make estimates, judgements and assumptions that affect the application of accounting policies and amounts recorded in the financial statements. Estimates are based on the Manager's best knowledge of current events and actions that the Funds may undertake in the future and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**3. Accounting estimates and judgements - (continued)***Fair value of securities not quoted in an active market*

The Funds may hold financial instruments that are not quoted in active markets. The fair value of such securities may be determined by the Manager using reputable pricing sources or indicative prices from bond/debt market makers. The Manager exercises judgement on the pricing sources used. Fair value is determined based on models that make maximum use of observable inputs and rely as little as possible on unobservable inputs. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

When no quoted prices are available, the fair value is estimated using present value or other valuation methods, which are influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk, including liquidity risk, credit risk, and risks related to interest rates, exchange rates and price and rate volatility.

The calculation of the fair values may differ given the role that judgment plays in applying the acceptable estimation and valuation techniques. Estimated fair value reflects market conditions on a given date and for this reason cannot be representative of future fair values.

*Critical judgements**Functional currency*

The Manager considers the Canadian dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions of the Funds. The Canadian dollar is the currency in which each of the Funds measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Funds are compared to other Canadian investment products.

*Classification and measurement of investments*

In classifying and measuring financial instruments held by each of the Funds, 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 IFRS 9. The most significant judgments made include the determination that certain investments are held-for-trading and if the fair value option can be applied to those which are not.

*Classification of puttable instruments*

Each of the Funds' redeemable units/shares are classified as financial liabilities to which all of its gains and losses are attributed. Each of the Funds' units/shares do not meet all the criteria under IAS 32 ("IAS 32"), *Financial Instruments: Presentation* to be classified as equity by exception.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**3. Accounting estimates and judgements - (continued)***Segmented information*

Each of the Funds is organized in one main operating segment, namely the management of the Fund's investments in order to achieve the Fund's investment objective.

*Unconsolidated structured entity*

The Manager has determined that The GBC Growth and Income Fund's investment in The GBC Canadian Bond Fund is an unconsolidated structured entity. This represents a significant judgment by the Manager and generally because decision making about the underlying Fund's investing activities is not governed by The GBC Growth and Income Fund.

*IAS 7 Statement of Financial Position disclosures*

IAS 7 - *Statement of Cash Flows* ("IAS 7") requires disclosures related to changes in liabilities arising from financing activities for annual periods beginning on or after January 1, 2017. Units/shares issued by the Funds are classified as liabilities in accordance with IAS 32. The units/shares are considered liabilities for the purposes of the IAS 7 disclosures, regardless of their classification for financial reporting purposes under IAS 32. A reconciliation between the opening and closing balances of the units/shares of each Fund is presented in the statements of changes in net assets attributable to holders of redeemable shares/units for the period ended June 30, 2018 and year ended December 31, 2017, including changes from cash flows and non-cash changes.

**4. Redeemable units/shares****(i) Authorized and issued capital**

The authorized capital of the Funds consists of an unlimited number of unit or share capital which rank equally in all respects and represent a pro rata interest in the net assets of the Funds. A unit or share capital does not confer any interest in any particular asset or investment of the Fund.

The Funds' redeemable units or share capital, which are redeemable at the holder's option are classified as financial liabilities on the statements of financial position. Redeemable units or shares can be put back into the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the unit or share class. The redeemable units or shares are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit or share back into the Fund. Quantitative information about each Funds' capital is provided in the statements of changes in financial position attributable to holders of redeemable units/shares.

The GBC American Growth Fund Inc., being a mutual fund corporation, issues shares with voting rights, whereas all the other Funds are mutual fund trusts and, therefore, issue units.

The Manager manages the capital of the Funds in accordance with the Funds' investment objectives, policies and restrictions, as outlined in the Simplified Prospectus. The Funds' overall strategies for managing capital remain unchanged from the prior period.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### 4. Redeemable units/shares - (continued)

#### (i) Authorized and issued capital - (continued)

The Funds do not have any specific capital requirements on the subscriptions and redemptions of units/shares, other than certain minimum subscription requirements.

Further to the special meetings of holders of the Funds held on January 8, 2018 (the "Meetings"), Class O Units from The GBC Canadian Bond Fund were converted into Class A Units of The GBC Canadian Bond Fund and Class O Units from The GBC International Growth Fund were converted into Class A Units of The GBC International Growth Fund and both were ceased to be distributed on January 31, 2018. Such conversion entailed the redemption, at no cost, of the outstanding Class O Units and the issuance of Class A Units.

The following is a summary of the changes in issued and outstanding units/shares:

#### The GBC Canadian Growth Fund

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	5,500,976.632	6,039,633.187
Issued during the period	37,632.739	400,869.081
	5,538,609.371	6,440,502.268
Redeemed during the period	372,618.911	939,525.636
Outstanding, end of period	5,165,990.460	5,500,976.632

#### The GBC American Growth Fund Inc.

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	5,435,793.715	6,031,396.130
Issued during the period	77,712.052	245,228.681
	5,513,505.767	6,276,624.811
Redeemed during the period	238,151.912	840,831.096
Outstanding, end of period	5,275,353.855	5,435,793.715

#### The GBC International Growth Fund - Class A

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	4,061,198.476	4,516,260.896
Issued during the period	3,028,458.407	430,872.068
	7,089,656.883	4,947,132.964
Redeemed during the period	169,886.860	885,934.488
Outstanding, end of period	6,919,770.023	4,061,198.476

#### The GBC International Growth Fund - Class O

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	2,151,895.915	2,096,545.485
Issued during the period	153,708.250	997,280.939
	2,305,604.165	3,093,826.424
Redeemed during the period	2,305,604.165	941,930.509
Outstanding, end of period	-	2,151,895.915

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**4. Redeemable units/shares - (continued)**

**(i) Authorized and issued capital - (continued)**

**The GBC Growth and Income Fund**

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	3,715,139.549	3,896,314.665
Issued during the period	384,535.793	500,309.998
	4,099,675.342	4,396,624.663
Redeemed during the period	367,707.692	681,485.114
Outstanding, end of period	3,731,967.650	3,715,139.549

**The GBC Canadian Bond Fund - Class A**

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	1,957,304.178	2,436,458.950
Issued during the period	1,505,211.313	403,735.845
	3,462,515.491	2,840,194.795
Redeemed during the period	273,173.088	882,890.617
Outstanding, end of period	3,189,342.403	1,957,304.178

**The GBC Canadian Bond Fund - Class O**

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	1,396,479.897	1,196,529.004
Issued during the period	20,511.802	273,071.576
	1,416,991.699	1,469,600.580
Redeemed during the period	1,416,991.699	73,120.683
Outstanding, end of period	0.000	1,396,479.897

**The GBC Money Market Fund**

	<b>June 30, 2018</b>	<b>Dec. 31, 2017</b>
Outstanding, beginning of period	1,118,663.200	1,372,854.993
Issued during the period	1,287,881.136	1,560,129.622
	2,406,544.336	2,932,984.615
Redeemed during the period	873,497.310	1,814,321.415
Outstanding, end of period	1,533,047.026	1,118,663.200

**(ii) Valuation of Fund units/shares**

The net asset value per unit or share ("NAVPU") is calculated weekly as at the close of business on each Tuesday, or if any such Tuesday is not a business day, then on the next business day immediately succeeding it, and on the last business day of the month. For Funds that have only one class of units/shares, the NAVPU is determined by dividing the net assets of the Fund by the number of redeemable units/shares outstanding on the valuation date. For Funds that have more than one class of units/shares, the net assets of a particular class of units/shares is computed by calculating the value of that class' proportionate share of the assets and liabilities common to all classes less the liabilities attributable only to that class. A notice of redemption must be given in writing to the Manager at any of its offices in Canada. The value of the units or shares to be redeemed will be established as at the valuation date following the receipt of such notice.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**4. Redeemable units/shares - (continued)**

**(ii) Valuation of Fund units/shares - (continued)**

Within three business days following the valuation date, the Manager will pay the holder the value of the units/shares redeemed.

**5. Management fees and expenses**

Management fees are paid to the Manager in consideration for investment management, administrative and advisory services.

Further to the special meetings of holders of the Funds held on January 8, 2018 (the “Meetings”), the Manager of the Funds announced that unitholders/shareholders approved a “New Fee Payment Model”.

Under this new fee payment structure, management fees paid to the Manager are no longer charged to the Funds. Instead, the management fees are charged directly to unitholders/shareholders. Subject to the maximum fees set forth below, unitholders/shareholders are charged management fees based on their assets under management. Such management fees are payable directly to PPW by the redemption (without charge) of a sufficient number of units or shares of the Fund(s) held.

Following this approval, the amount of management fees that unitholders/shareholders pay to PPW are determined based on the amount of assets under management, subject to the following maximum annual management fees:

Name of the Fund	Assets under management		
	Under \$1 million	Between \$1 million and \$5 million	Above \$5 million
The GBC Money Market Fund	0.10%	0.10%	0.10%
The GBC Canadian Bond Fund	0.65%	0.50%	0.40%
The GBC Growth and Income Fund	1.30%	1.20%	0.85%
The GBC Canadian Growth Fund	1.70%	1.50%	1.00%
The GBC American Growth Fund Inc.	1.50%	1.50%	1.00%
The GBC International Growth Fund	1.50%	1.50%	1.00%

PPW filed an amended Simplified Prospectus and Annual Information Form on January 15, 2018 with the regulators and received their approval on January 25, 2018. The New Fee Payment Model has been retroactively effective January 1, 2018.

Prior to the New Fee Payment Model, management fees were paid to the Manager by the Funds, and were calculated based on the net asset value (“NAV”) of the Funds at the end of each month, except for management fees for The GBC Canadian Bond Fund, which were based on the average monthly net assets of the Fund, and management fees for The GBC Money Market Fund, which were based on the net assets of the Fund at each valuation date.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**5. Management fees and expenses - (continued)**

The prior rates per annum were as follows:

The GBC Money Market Fund	0.10% <sup>1</sup>
The GBC Canadian Bond Fund, Class A	0.65% <sup>2</sup>
The GBC Growth and Income Fund	1.30% <sup>3</sup>
The GBC Canadian Growth Fund	1.70% <sup>4</sup>
The GBC American Growth Fund Inc.	1.50%
The GBC International Growth Fund, Class A	1.50%

1. The management fee for The GBC Money Market Fund was reduced from 0.50% as of July 1, 2017.

2. The management fee for The GBC Canadian Bond Fund was reduced from 0.75% as of July 1, 2017.

3. The management fee for The GBC Growth and Income Fund was reduced from 1.40% as of July 1, 2017.

4. The management fee for The GBC Canadian Growth Fund was reduced from 1.75% as of July 1, 2017.

The GBC International Growth Fund and The GBC Canadian Bond Fund did not pay a management fee in respect of Class O units. Investors who were eligible to purchase Class O units paid a negotiated fee directly to the Manager for investment counselling services.

Prior to the New Fee Payment Model effective January 1, 2018, the Manager offered a program to rebate a portion of the management fee attributable to certain investors of the Funds. The program to rebate management fees did not result in adverse tax consequences to the Funds or to those unitholders/shareholders not participating in such a program. In the case of Funds that are unit trusts, the fee rebate was accounted for as a reduction of management fees and a distribution of income, capital gains or a return on capital with additional units/shares being issued and was not included in the calculation of the management expense ratio. In the case of The GBC American Growth Fund Inc., a mutual fund corporation, the Manager purchased additional shares for investors for the period ended June 30, 2018 totalling \$16,856 (2017 - \$96,893). The rebate program was terminated following the introduction of the New Fee Payment Model. For more information, refer to the Simplified Prospectus.

The Funds also pay all expenses incurred in the ordinary course of business relating to their organization, management and operations, including transaction costs on the purchase and sale of investment securities acquired by the Funds, custodial and safekeeping fees, audit fees, registrar and transfer agents' fees, filing fees, information fees, as well as legal fees relating to the distribution of units/shares of the Funds and preparation of any filings required under any securities legislation and taxes of all kinds for which the Funds are, or might be, subject to.



**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**6. Income taxes**

The Funds (except for The GBC American Growth Fund Inc.) qualify as Mutual Fund Trusts under the *Income Tax Act* (Canada) and thus are not subject to income taxes on their net taxable capital gains or their net earnings for the year if they allocate such gains (less capital losses carried forward) and earnings to unitholders. It is the intention of the Manager to allocate the taxable income of the Funds annually to unitholders so as to eliminate any income taxes otherwise payable by the individual Funds.

The GBC American Growth Fund Inc. is treated as a mutual fund corporation under the *Income Tax Act* (Canada). Income taxes on net realized capital gains are recoverable by the Fund when its capital gains are distributed to shareholders either through share redemptions or the declaration of capital gains dividends. Income taxes paid on dividends from taxable Canadian corporations may be refunded, generally at the rate of \$1 for every \$3 of taxable dividends paid.

As at December 31, 2017, certain Funds have accumulated non-capital losses and capital losses available to reduce future taxable income that can be carried forward to a maximum of 10 years for years 2004 and 2005 and 20 years for 2006 and subsequent years. Accumulated capital losses available to reduce realized capital gains in future years that can be carried forward indefinitely are as follows:

	<b>Non-capital losses</b>	<b>Capital losses</b>
For Quebec purposes:		
The GBC American Growth Fund Inc.	\$ 28,134,440	\$ —

The non-capital losses expire starting 2026 with the last loss ending in 2037.

**7. Financial instruments' risk management**

The Funds' financial assets may principally comprise investments in equity and debt instruments, short-term investments, trade and other receivables, and/or cash and cash equivalents. Financial liabilities may comprise accrued expenses, trade and other payables. The Funds' activities expose them to a variety of financial risks that are associated with their investment strategies, financial instruments and the markets in which they invest. The level of risk depends on the Funds' investment objectives and the types of securities they invest in. The value of investments within the Funds' portfolios can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news related to specific securities within the Funds. The most important risks arising from the Funds' financial instruments include credit risk, liquidity risk and market risk (comprising interest rate risk, currency risk and other price risk). The risks and the related risk management practices employed by the Funds are summarized in the Simplified Prospectus and are discussed below.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**7. Financial instruments' risk management - (continued)****(i) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with a Fund.

The Funds use highly rated, well established financial institutions for cash transactions and as a result the risk of default is considered minimal. The Funds are also exposed to credit risk with the custodian. Should the custodian become insolvent, it could cause a delay for the Funds in obtaining access to their assets.

Where a Fund invests in debt instruments, this represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the credit worthiness of the issuer and represents the maximum credit risk exposure of the Fund.

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

**(ii) Liquidity risk**

Liquidity risk is defined as the risk that a Fund may encounter difficulties in meeting the obligations associated with its financial liabilities on time or at a reasonable price.

Each Fund is exposed to weekly and end-of-month cash redemptions of redeemable units/shares. The units/shares of each Fund are issued and redeemed on demand at the current NAV per unit/share at the option of the holder. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed of.

Each Fund may, from time to time, invest in securities that are not traded in an active market and may be illiquid. A lack of buyer interest in a particular security may increase the level of difficulty in selling this security and, therefore, result in a loss or reduced return. Portfolio diversification and concentration limits reduce this risk.

**(iii) Interest rate risk**

Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk arises when a Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**7. Financial instruments' risk management - (continued)****(iv) Currency risk**

Currency risk corresponds to the risk that the fair value or future cash flows of a financial instrument denominated in a currency other than the Canadian dollar will fluctuate because of changes in foreign exchange rates.

Changes in the value of the Canadian dollar relative to foreign currencies will affect the value, in Canadian dollar terms, of foreign securities held in the Funds. These fluctuations may reduce, or even eliminate, any return the Funds have earned on foreign securities. Currency exposure may increase the volatility of foreign investments relative to Canadian investments and can also affect the relative competitive position of entities whose securities are held by the Funds. It is not the Funds' policy to hedge the currency risk between the Canadian dollar and foreign currencies. Thus, the Manager does not manage currency risk.

**(v) Other price risk**

Other price risk corresponds to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The investments of the Funds are subject to normal market fluctuations and the risks inherent with investing in financial markets. Financial instruments held by each Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments. The investment manager mitigates this risk through a careful selection of securities within the parameters of the Funds' investment strategies and through diversification of the investment portfolios. The investment manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges in an attempt to mitigate this risk.

Refer to Discussion of Financial Risk Management for Fund-specific risk disclosure.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Canadian Growth Fund

#### Risk management

The investment objective of The GBC Canadian Growth Fund (the "Fund") is to provide long-term growth through capital appreciation by investing primarily in small to mid-size Canadian companies judged to have above-average growth potential or to be undervalued.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio through investing in different companies and across multiple industry sectors within the constraints of the Fund's investment objective.

#### Credit risk

As at June 30, 2018 and December 31, 2017, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk.

#### Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

#### June 30, 2018

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Due to brokers for investment securities purchased	135,838	-	-	135,838
Redeemable units	354,433,986	-	-	354,433,986
<b>Total</b>	<b>354,569,824</b>	<b>-</b>	<b>-</b>	<b>354,569,824</b>

#### December 31, 2017

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Due to brokers for investment securities purchased	474,217	-	-	474,217
Distributions payable	861,224	-	-	861,224
Accrued expenses & Management fees payable	619,521	-	-	619,521
Redeemable units	379,490,251	-	-	379,490,251
<b>Total</b>	<b>381,445,213</b>	<b>-</b>	<b>-</b>	<b>381,445,213</b>

# PEMBROKE

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Canadian Growth Fund - (continued)

Liquidity risk – (continued)

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk as at June 30, 2018 and December 31, 2017.

Currency risk

The Fund did not have any significant financial instruments denominated in currencies other than the Canadian dollar. As a result, the Fund did not have any significant exposure to currency risk as at June 30, 2018 and December 31, 2017.

Other price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at June 30, 2018 and December 31, 2017. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant:

#### June 30, 2018

<b>Market Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
Investments	349,171,302	98.5	34,917,130	9.9

#### December 31, 2017

<b>Market Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
Investments	375,650,863	99.0	37,565,086	9.9

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

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Canadian Growth Fund - (continued)

Concentration risk

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	%	%
Consumer Discretionary	14.28	16.45
Consumer Staples	1.81	-
Energy	17.50	12.48
Financials	9.72	11.16
Health Care	0.97	0.59
Industrials	17.70	16.02
Information Technology	20.89	22.81
Materials	6.71	8.54
Real Estate	8.11	9.72
Telecommunication Services	0.83	1.22
Utilities	-	-
<b>Total</b>	<b>98.52</b>	<b>98.99</b>

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at June 30, 2018, the Fund does not hold an individual investment position greater than 3.9% (December 31, 2017 – 3.2%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Canadian Growth Fund - (continued)**

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Fair value at June 30, 2018</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	348,695,631	475,671	-	349,171,302
Total	348,695,631	475,671	-	349,171,302

<b>Fair value at December 31, 2017</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	375,650,863	-	-	375,650,863
Total	375,650,863	-	-	375,650,863

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

Level 2 securities for the period ended June 30, 2018 consist of Helius Medical Technologies Warrants that do not trade on a public exchange. The warrants are valued by the Manager using the Black Scholes model. They are convertible on a one-for-one basis to common shares until 2021.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC American Growth Fund Inc.**

Risk management

The investment objective of The GBC American Growth Fund Inc. (the “Fund”) is to provide long-term growth through capital appreciation by investing primarily in smaller US companies judged to have above-average growth potential or to be undervalued.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund’s positions and market events, and by diversifying the investment portfolio through investing in different companies and across multiple industry sectors within the constraints of the Fund’s investment objective.

Credit risk

As at June 30, 2018 and December 31, 2017, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk.

Liquidity risk

The tables below analyze the Fund’s financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

**June 30, 2018**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accrued expenses	-	-	13,800	13,800
Redeemable shares	200,006,429	-	-	200,006,429
<b>Total</b>	<b>200,006,429</b>	<b>-</b>	<b>13,800</b>	<b>200,020,229</b>

**December 31, 2017**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Redemptions payable	86,931	-	-	86,931
Accrued expenses & Management fees payable	247,243	-	32,045	279,288
HST payable	-	-	700	700
Redeemable shares	172,032,555	-	-	172,032,555
<b>Total</b>	<b>172,366,729</b>	<b>-</b>	<b>32,745</b>	<b>172,399,474</b>



# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC American Growth Fund Inc. - (continued)

Liquidity risk – (continued)

Redeemable shares are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk as at June 30, 2018 and December 31, 2017.

Currency risk

The tables below indicate the foreign currency to which the Fund had significant exposure at June 30, 2018 and December 31, 2017, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

#### June 30, 2018

Currency Exposure	Fair Value	% of	Impact on net assets	
	\$	Net Assets	\$	%
US Dollar	1,035,430	0.5	103,543	0.1
US Investments	188,840,866	94.4	18,884,087	9.4
Total	189,876,296	94.9	18,987,630	9.5

#### December 31, 2017

Currency Exposure	Fair Value	% of	Impact on net assets	
	\$	Net Assets	\$	%
US Dollar	1,251,857	0.7	125,186	0.1
US Investments	165,911,696	96.4	16,591,170	9.6
Total	167,163,553	97.1	16,716,356	9.7

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

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC American Growth Fund Inc. - (continued)**

Other price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at June 30, 2018 and December 31, 2017. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable shares if equity markets had strengthened or weakened by 10%, with all other variables held constant.

**June 30, 2018**

<b>Market Exposure</b>	<b>Fair Value</b> <b>\$</b>	<b>% of</b> <b>Net Assets</b>	<b>Impact on net assets</b> <b>\$</b>	<b>%</b>
Investments	188,840,866	94.4	18,884,087	9.4

**December 31, 2017**

<b>Market Exposure</b>	<b>Fair Value</b> <b>\$</b>	<b>% of</b> <b>Net Assets</b>	<b>Impact on net assets</b> <b>\$</b>	<b>%</b>
Investments	165,911,696	96.4	16,591,170	9.6

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

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC American Growth Fund Inc. – (continued)**

Concentration risk

The following table is a summary of the Fund’s concentration risk of its equity investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	%	%
Consumer Discretionary	12.76	14.20
Consumer Staples	1.65	1.24
Energy	1.53	2.99
Financials	8.28	11.15
Health Care	18.82	17.18
Industrials	16.74	15.32
Information Technology	27.62	28.37
Materials	2.63	2.42
Real Estate	-	-
Telecommunication Services	4.39	3.57
Utilities	-	-
Total	94.42	96.44

The percentages shown are a percentage of net assets attributable to the holders of redeemable shares

As at June 30, 2018, the Fund does not hold an individual investment position greater than 4.2% (December 31, 2017 – 4.5%) of the total net assets attributable to the holders of redeemable shares.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC American Growth Fund Inc. - (continued)**

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Fair value at June 30, 2018</b>				
	Level 1	Level 2	Level 3	Total
<b>Description</b>	\$	\$	\$	\$
Equity investments	188,840,866	-	-	188,840,866
Total	188,840,866	-	-	188,840,866

<b>Fair value at December 31, 2017</b>				
	Level 1	Level 2	Level 3	Total
<b>Description</b>	\$	\$	\$	\$
Equity investments	165,911,696	-	-	165,911,696
Total	165,911,696	-	-	165,911,696

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

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC International Growth Fund

#### Risk management

The investment objective of The GBC International Growth Fund (the "Fund") is to provide long-term growth through capital appreciation by investing primarily in a diversified portfolio of small to mid-size foreign companies located outside of the United States.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio amongst geographic sectors, capitalization and individual securities. Risk is further managed through individual position size limitations based upon capitalization. These position sizes are adjusted for outlooks in any one company, which is measured through team discussions that occur daily and in comparison to the growth opportunities in other security names and potential purchases. A model portfolio framework is used.

#### Credit risk

As at June 30, 2018 and December 31, 2017, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk.

#### Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

#### June 30, 2018

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Due to brokers for investment securities purchased	1,562,066	-	-	1,562,066
Accrued expenses	39,739	-	-	39,739
Redeemable units	207,600,770	-	-	207,600,770
<b>Total</b>	<b>209,202,575</b>	<b>-</b>	<b>-</b>	<b>209,202,575</b>

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)**

Liquidity risk – (continued)

**December 31, 2017**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Due to brokers for investment securities purchased	1,065,513	-	-	1,065,513
Distributions payable	9,908,570	-	-	9,908,570
Accrued expenses & Management fees payable	187,836	-	-	187,836
Redeemable units	187,119,469	-	-	187,119,469
<b>Total</b>	<b>198,281,388</b>	<b>-</b>	<b>-</b>	<b>198,281,388</b>

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk as at June 30, 2018 and December 31, 2017.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)**

Currency risk

The tables below indicate the foreign currencies to which the Fund had significant exposure at June 30, 2018 and December 31, 2017, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

**June 30, 2018**

<b>Currency Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
<b>Currency</b>				
Australian Dollar	264,651	0.1	26,465	0.0
U.K. Pound sterling	142,429	0.1	14,243	0.0
Indian Rupee	115,138	0.1	11,514	0.0
New Taiwan Dollar	107,196	0.1	10,720	0.0
Other	127,868	0.1	12,787	0.0
<b>Investments</b>				
U.K. Pound sterling	43,929,246	21.2	4,392,925	2.1
Japanese yen	36,116,475	17.4	3,611,648	1.7
Euro	35,575,125	17.1	3,557,513	1.7
Swedish Krone	12,520,469	6.0	1,252,047	0.6
Hong Kong Dollar	9,185,350	4.4	918,535	0.4
US Dollar	8,757,028	4.2	875,703	0.4
Indian Rupee	7,123,241	3.4	712,324	0.3
Australian Dollar	6,867,373	3.3	686,737	0.3
New Taiwan Dollar	5,147,459	2.5	514,746	0.2
Israeli Shekel	4,122,533	2.0	412,253	0.2
South African Rand	4,054,102	2.0	405,410	0.2
Danish krone	3,680,824	1.8	368,082	0.2
Norwegian Krone	3,662,622	1.8	366,262	0.2
Swiss Franc	2,927,831	1.4	292,783	0.1
Brazilian Real	2,138,202	1.0	213,820	0.1
Hungarian forint	1,825,213	0.9	182,521	0.1
Thai Baht	1,780,696	0.9	178,070	0.1
South Korean won	1,666,868	0.8	166,687	0.1
New Zealand Dollar	1,359,264	0.7	135,926	0.1
<b>Total</b>	<b>193,197,203</b>	<b>93.1</b>	<b>19,319,720</b>	<b>9.3</b>

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)**

Currency risk - (continued)

**December 31, 2017**

<b>Currency Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
<b>Currency</b>				
Japanese Yen	27,038	-	2,704	-
New Taiwan Dollar	19,711	-	1,971	-
Brazilian Real	17,864	-	1,786	-
<b>Investments</b>				
Japanese yen	45,727,753	24.4	4,572,775	2.4
U.K. Pound sterling	31,882,999	17.0	3,188,300	1.7
Euro	31,412,523	16.8	3,141,252	1.7
Indian Rupee	12,232,045	6.5	1,223,205	0.7
Hong Kong Dollar	9,760,830	5.2	976,083	0.5
US Dollar	9,016,653	4.8	901,665	0.5
Swedish Krona	8,432,727	4.5	843,273	0.5
Australian Dollar	5,313,638	2.8	531,364	0.3
Israeli Shekel	5,299,432	2.8	529,943	0.3
Brazilian Real	5,248,410	2.8	524,841	0.3
Swiss Franc	3,822,974	2.1	382,297	0.2
New Taiwan Dollar	3,638,834	2.0	363,883	0.2
South African Rand	3,424,268	1.8	342,427	0.2
Thai Baht	3,004,559	1.6	300,456	0.2
Mexican Peso	2,635,721	1.4	263,572	0.1
Danish Krone	2,420,961	1.3	242,096	0.1
Hungarian Forint	2,094,290	1.1	209,429	0.1
Czech koruna	1,987,688	1.1	198,769	0.1
Indonesian rupiah	1,776,945	1.0	177,695	0.1
New Zealand dollar	1,310,658	0.7	131,066	0.1
South Korean Won	273,604	0.2	27,360	0.0
<b>Total</b>	<b>190,782,125</b>	<b>101.9</b>	<b>19,078,213</b>	<b>10.3</b>

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



# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)

Price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at June 30, 2018 and December 31, 2017. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant:

#### June 30, 2018

Market Exposure	Fair Value \$	% of Net Assets	Impact on net assets \$	%
Investments	192,439,921	92.7	19,243,992	9.3

#### December 31, 2017

Market Exposure	Fair Value \$	% of Net Assets	Impact on net assets \$	%
Investments	190,717,512	101.9	19,071,751	10.2

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

Concentration risk

The following table is a summary of the Fund's concentration risk of its international equity investments by geographic region.

Geographic Region	June 30, 2018 %	December 31, 2017 %
North America	-	-
Developed Europe	53.36	47.99
Developed Asia	22.34	29.82
Emerging Asia	12.44	15.23
Emerging Europe, Africa, Middle East	2.76	3.04
Emerging Latin America	1.80	5.84
Total	92.70	101.92

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)

Concentration risk – (continued)

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	%	%
Consumer Staples	8.31	6.59
Consumer Discretionary	15.77	15.93
Energy	3.37	2.93
Financials	13.87	21.87
Health Care	11.39	5.95
Industrials	16.80	23.60
Information Technology	14.35	11.54
Materials	4.55	7.64
Real Estate	3.12	2.83
Telecommunication Service	-	-
Utilities	1.17	3.04
<b>Total</b>	<b>92.70</b>	<b>101.92</b>

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at June 30, 2018, the Fund does not hold an individual investment position greater than 1.8% (December 31, 2017 – 1.8%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC International Growth Fund - (continued)**

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Fair value at June 30, 2018</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	192,439,921	-	-	192,439,921
Total	192,439,921	-	-	192,439,921

<b>Fair value at December 31, 2017</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	190,717,512	-	-	190,717,512
Total	190,717,512	-	-	190,717,512

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

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Growth and Income Fund

Risk management

The investment objective of The GBC Growth and Income Fund (the "Fund") is to provide investors with a reasonable balance between long-term capital growth and income to diversify risk. The Fund invests primarily in equities, bonds and other marketable securities. The Fund may make these investments directly or by purchasing units of The GBC Canadian Bond Fund and/or of The GBC International Growth Fund.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio through investing in different companies and across multiple industry sectors within the constraints of the Fund's investment objective.

Credit risk

As at June 30, 2018 and December 31, 2017, the Fund invested in debt instruments through its holding of units of The GBC Canadian Bond Fund which invested in debt securities with the following credit ratings, representing the maximum credit risk exposure:

<b>Debt Instruments by Credit Rating</b>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>\$ Fair Value</b>	<b>% of Net Assets</b>	<b>\$ Fair Value</b>	<b>% of Net Assets</b>
AAA	5,229,330	10.7	3,931,226	7.6
AA	2,932,425	6.0	3,677,779	7.1
A	6,904,634	14.1	7,479,631	14.4
Total	15,066,389	30.7	15,088,636	29.1

Credit ratings are obtained from Standard & Poor's Financial Services LLC, Moody's Investor Service Inc. and/or DBRS. Where more than one rating is obtained for a security, the lowest rating has been used.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

**June 30, 2018**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Due to brokers for investment securities purchased	50,511	-	-	50,511
Distributions payable	441,951	-	-	441,951
Accrued expenses	4,878	-	-	4,878
Redeemable units	49,039,006	-	-	49,039,006
<b>Total</b>	<b>49,536,346</b>	<b>-</b>	<b>-</b>	<b>49,536,346</b>

**December 31, 2017**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Due to brokers for investment securities purchased	80,456	-	-	80,456
Distributions payable	3,140,794	-	-	3,140,794
Accrued expenses & Management fees payable	61,965	-	-	61,965
Redeemable units	51,909,521	-	-	51,909,521
<b>Total</b>	<b>55,192,736</b>	<b>-</b>	<b>-</b>	<b>55,192,736</b>

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

# P E M B R O K E

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

### **Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2018 and December 31, 2017, as a result of its holding of units of The GBC Canadian Bond Fund. The Fund's financial assets and liabilities have been included at their fair values, categorized by the earlier of contractual re-pricing or maturity dates.

	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Interest bearing instruments</b>	<b>Non-interest bearing instruments</b>	<b>Interest bearing instruments</b>	<b>Non-interest bearing instruments</b>
Investments	15,066,389	32,153,386	15,088,636	38,572,456
Cash	-	1,992,975	-	1,163,598
Other assets	-	323,596	-	368,046
Liabilities	-	497,340	-	3,283,215

As at June 30, 2018 and December 31, 2017, had prevailing interest rates increased or decreased by 100 basis points, with all other variables remaining constant, the decrease or increase respectively in net assets would amount to approximately \$683,000 (December 31, 2017 – \$710,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Interest rate risk – (continued)

The following tables detail the Fund’s exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

**June 30, 2018**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest bearing instruments	-	452,481	584,697	14,029,212	15,066,389
Non-interest bearing instruments	33,972,617	-	-	-	33,972,617
<b>Total</b>	<b>33,972,617</b>	<b>452,481</b>	<b>584,697</b>	<b>14,029,212</b>	<b>49,039,006</b>

**December 31, 2017**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest bearing instruments	-	494,469	209,975	14,384,192	15,088,636
Non-interest bearing instruments	36,820,885	-	-	-	36,820,885
<b>Total</b>	<b>36,820,885</b>	<b>494,469</b>	<b>209,975</b>	<b>14,384,192</b>	<b>51,909,521</b>

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Currency risk

The tables below indicate the foreign currency to which the Fund had significant exposure at June 30, 2018 and December 31, 2017, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

**June 30, 2018**

<b>Currency Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
US Dollar	125,600	0.3	12,560	0.0
US Investments	1,861,139	3.8	186,114	0.4
<b>Total</b>	<b>1,986,739</b>	<b>4.1</b>	<b>198,674</b>	<b>0.4</b>

**December 31, 2017**

<b>Currency Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
US Dollar	94,698	0.2	9,470	-
US Investments	1,881,949	3.6	188,195	0.4
<b>Total</b>	<b>1,976,647</b>	<b>3.8</b>	<b>197,665</b>	<b>0.4</b>

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



P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Other price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at June 30, 2018 and December 31, 2017. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant:

**June 30, 2018**

<b>Market Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
Investments	47,219,775	96.3	4,721,978	9.6

**December 31, 2017**

<b>Market Exposure</b>	<b>Fair Value</b>	<b>% of</b>	<b>Impact on net assets</b>	
	<b>\$</b>	<b>Net Assets</b>	<b>\$</b>	<b>%</b>
Investments	53,661,092	103.4	5,366,109	10.3

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

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Concentration risk

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>%</b>	<b>%</b>
Mutual Funds - Bonds	30.72	29.07
Consumer Discretionary	15.47	20.93
Consumer Staples	2.44	2.17
Energy	3.27	3.33
Financials	9.63	8.89
Health Care	-	-
Industrials	14.43	11.82
Information Technology	8.66	11.85
Materials	4.88	6.22
Real Estate	6.79	9.09
Telecommunication Services	-	-
Utilities	-	-
Total	96.29	103.37

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at June 30, 2018, other than its investment in The GBC Canadian Bond Fund (30.7%, December 31, 2017 – 29.1%), the Fund does not hold an individual investment position greater than 3.1% (December 31, 2017 – 3.0%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Growth and Income Fund – (continued)**

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Fair value at June 30, 2018</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	32,153,386	-	-	32,153,386
Underlying Fund	-	15,066,389	-	15,066,389
Total	32,153,386	15,066,389	-	47,219,775

<b>Fair value at December 31, 2017</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Equity investments	38,572,456	-	-	38,572,456
Underlying Fund	-	15,088,636	-	15,088,636
Total	38,572,456	15,088,636	-	53,661,092

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

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Canadian Bond Fund

#### Risk management

The investment objective of The GBC Canadian Bond Fund (the “Fund”) is to provide a high level of income and some capital growth while preserving capital by investing primarily in bonds, debentures and other debt instruments of Governmental Issuers or Government-Related Issuers and corporations. The Fund must maintain a minimum allocation of at least 25% in Governmental Issuers or Government-Related Issuers with no more than 10% concentration per issuer. Foreign pay issuers are not permitted due to currency risk, though foreign issued Maple Bonds are acceptable, adding a diversification benefit. A minimum credit rating of “A” is required by all issuers to minimize credit risk.

When classifying the bonds in its portfolio, the Manager and the portfolio manager rely on the classifications from PC Bond Analytics, a business unit of the FTSE TMX Group. Although some bonds are classified as being issued by governmental issuers under such classification, it does not mean that they are actually issued by a government but rather by an issuer related to a government (provincial or federal).

Risk is mitigated by employing a Maximum Loss methodology which limits each position according to its potential impact on a portfolio’s long-term value-added. The higher the trading price of a security compared to its downside potential, the smaller the position allowed. The risk assessment allows the security’s specific features that modify its downside risk to be considered. This includes the priority of the security and quality of the issuer.

#### Credit risk

As at June 30, 2018 and December 31, 2017, the Fund invested in debt instruments with the following credit ratings, representing the maximum credit risk exposure:

<b>Debt Instruments by Credit Rating</b>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>\$ Fair Value</b>	<b>% of Net Assets</b>	<b>\$ Fair Value</b>	<b>% of Net Assets</b>
AAA	14,422,268	35.6	11,197,666	26.0
AA	8,087,504	19.9	10,475,750	24.4
A	19,042,685	47.0	21,304,915	49.5
Total	41,552,457	102.5	42,978,331	99.9

Credit ratings are obtained from Standard & Poor’s Financial Services LLC, Moody’s Investor Service Inc. and/or DBRS. Where more than one rating is obtained for a security, the lowest rating has been used.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Canadian Bond Fund – (continued)**

Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

**June 30, 2018**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Distributions payable	349,765	-	-	349,765
Accrued expenses	5,671	-	-	5,671
Due to brokers for investment securities purchased	1,436,000	-	-	1,436,000
Redeemable units	40,557,398	-	-	40,557,398
<b>Total</b>	<b>42,348,834</b>	<b>-</b>	<b>-</b>	<b>42,348,834</b>

**December 31, 2017**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Distributions payable	340,912	-	-	340,912
Accrued expenses & Management fees payable	19,690	-	-	19,690
Redeemable units	43,034,510	-	-	43,034,510
<b>Total</b>	<b>43,395,112</b>	<b>-</b>	<b>-</b>	<b>43,395,112</b>

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Canadian Bond Fund – (continued)**

Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2018 and December 31, 2017. It includes the Fund's financial assets at their fair values, categorized by the earlier of contractual re-pricing or maturity dates.

	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	\$	\$	\$	\$
	<b>Interest bearing instruments</b>	<b>Non Interest bearing instruments</b>	<b>Interest bearing instruments</b>	<b>Non Interest bearing instruments</b>
Investments	41,552,457	-	42,978,331	-
Cash	-	252,243	-	37,161
Other assets	-	544,134	-	379,620
Liabilities	-	1,791,436	-	360,602

As at June 30, 2018 and December 31, 2017, had prevailing interest rates increased or decreased by 100 basis points, with all other variables remaining constant, the decrease or increase respectively in net assets would amount to approximately \$1,883,000 (December 31, 2017 - \$2,027,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

The following tables detail the Fund's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

**June 30, 2018**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Interest bearing instruments	-	1,247,922	1,612,569	38,691,966	41,552,457
Non-interest bearing instruments	(995,059)	-	-	-	(995,059)
Total	(995,059)	1,247,922	1,612,569	38,691,966	40,557,398

**December 31, 2017**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Interest bearing instruments	-	1,408,440	598,091	40,971,800	42,978,331
Non-interest bearing instruments	56,179	-	-	-	56,179
Total	56,179	1,408,440	598,091	40,971,800	43,034,510

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Canadian Bond Fund – (continued)**

Currency risk

The Fund did not have any financial instruments denominated in a currency other than the Canadian dollar. As a result, the Fund did not have any significant exposure to currency risk as at June 30, 2018 and December 31, 2017.

Other price risk

All of the Fund's financial instruments are interest bearing. As a result, the Fund did not have any significant exposure to other price risk as at June 30, 2018 and December 31, 2017.

Concentration risk

The following table is a summary of the Fund's concentration risk of its bond investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>%</b>	<b>%</b>
Canada Treasury Bills	3.08	-
Canadian Governmental Issuers or Government-Related issuers	14.62	15.82
Canadian Corporations	55.58	50.42
Asset/Mortgaged-Backed	3.18	4.10
Foreign Governmental Issuers or Government-Related issuers	10.69	11.62
Foreign Corporations	15.30	17.91
Total	102.45	99.87

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at June 30, 2018, the Fund does not hold an individual investment position greater than 9.5% (December 31, 2017 – 9.1%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Canadian Bond Fund – (continued)

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Fair value at June 30, 2018</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Bonds	-	41,552,457	-	41,552,457
Total	-	41,552,457	-	41,552,457

<b>Fair value at December 31, 2017</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Bonds	-	42,978,331	-	42,978,331
Total	-	42,978,331	-	42,978,331

There were no significant transfers between Levels 1 and 2 during the period ended June 30, 2018 and the year ended December 31, 2017. Securities classified as Level 2 consist of active Bonds which are priced daily and are valued based on inputs other than quoted prices. Included as Level 2 are Bonds with the following:

- Modeled prices where market inputs are used;
- Fixed income prices where spreads, yields and other recognized valuation techniques are used; and
- Vendor generated fair value factors.



# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

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Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Money Market Fund

Risk management

The investment objective of The GBC Money Market Fund (the "Fund") is to maximize interest income while preserving capital and maintaining liquidity.

To manage risk, the Fund invests primarily in high quality, short-term debt securities issued by the Government of Canada or any Canadian provincial government, obligations of Canadian banks and trust companies, and commercial paper with an approved credit rating.

Credit risk

As at June 30, 2018 and December 31, 2017, the Fund invested in debt instruments with the following credit ratings, representing the maximum credit risk exposure:

<b>Debt Instruments by Credit Rating</b>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>\$ Fair Value</b>	<b>% of Net Assets</b>	<b>\$ Fair Value</b>	<b>% of Net Assets</b>
AAA	15,270,600	99.5	11,070,466	99.0
Total	15,270,600	99.5	11,070,466	99.0

Credit ratings are obtained from Standard & Poor's Financial Services LLC, Moody's Investor Service Inc. and/or DBRS. Where more than one rating is obtained for a security, the lowest rating has been used.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Money Market Fund – (continued)**

Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

**June 30, 2018**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Redeemable units	15,344,491	-	-	15,344,491
Total	15,344,491	-	-	15,344,491

**December 31, 2017**

<b>Financial liabilities</b>	<b>&lt; 7 days</b>	<b>7 days - 3 months</b>	<b>3 months - 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accrued expenses & Management fees payable	1,001	-	-	1,001
Redeemable units	11,186,625	-	-	11,186,625
Total	11,187,626	-	-	11,187,626

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at June 30, 2018 and December 31, 2017.

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**Discussion of Financial Risk Management - The GBC Money Market Fund – (continued)**

Interest rate risk

The Fund has minimal sensitivity to changes in interest rates since securities are usually held to maturity and tend to be short-term in nature. As at June 30, 2018 and December 31, 2017, the Fund's exposure to financial assets was as follows:

	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Interest bearing instruments</b>	<b>Non-interest bearing instruments</b>	<b>Interest bearing instruments</b>	<b>Non-interest bearing instruments</b>
Investments	15,270,600	-	11,070,466	-
Cash	-	70,670	-	113,939
Other assets	-	3,221	-	3,221
Liabilities	-	-	-	1,001

The following tables detail the Fund's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

**June 30, 2018**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest bearing instruments	-	13,280,922	1,989,678	-	15,270,600
Non-interest bearing instruments	73,891	-	-	-	73,891
Total	73,891	13,280,922	1,989,678	-	15,344,491

**December 31, 2017**

<b>Contractual maturities</b>	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest bearing instruments	-	4,895,271	6,175,195	-	11,070,466
Non-interest bearing instruments	116,159	-	-	-	116,159
Total	116,159	4,895,271	6,175,195	-	11,186,625

# PEMBROKE

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### Discussion of Financial Risk Management - The GBC Money Market Fund – (continued)

#### Currency risk

The Fund did not have any financial instruments denominated in currencies other than the Canadian dollar. As a result, the Fund did not have any significant exposure to currency risk as at June 30, 2018 and December 31, 2017.

#### Other price risk

All of the Fund's financial instruments are interest bearing. As a result, the Fund did not have any significant exposure to other price risk as at June 30, 2018 and December 31, 2017.

#### Concentration risk

The following table is a summary of the Fund's concentration risk of its fixed income investments by market segment.

<b>Industry Sector</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	%	%
Government of Canada T-Bills	99.52	98.96
Total	99.52	98.96

#### Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at June 30, 2018 and December 31, 2017.

<b>Description</b>	<b>Fair value at June 30, 2018</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	\$	\$	\$	\$
Government of Canada T-Bills	-	15,270,600	-	15,270,600
Total	-	15,270,600	-	15,270,600

<b>Description</b>	<b>Fair value at December 31, 2017</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	\$	\$	\$	\$
Government of Canada T-Bills	-	11,070,466	-	11,070,466
Total	-	11,070,466	-	11,070,466

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**

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Period ended June 30, 2018 (unaudited)

**8. Financial instruments by category**

All of the Funds' investments as at June 30, 2018 and December 31, 2017 are classified as financial assets at fair value through profit or loss. All other assets as per the statements of financial position are classified as loans and receivables.

All of the Funds' liabilities as at June 30, 2018 and December 31, 2017 are classified as financial liabilities carried at amortized cost.

**9. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

All transactions between related parties are conducted at arm's length and can be summarized as follows:

*Fund and Portfolio Manager*

Pembroke Private Wealth Management Ltd. ("PPW") is the Funds' Manager. The Manager provides the day-to-day management of the business and operations of the Funds. PPW is also the trustee of the Funds except for The GBC American Growth Fund Inc. (which is constituted as a corporation, rather than a trust). As trustee, PPW has a fiduciary duty to act in the best interest of the holders of units/shares of the Funds.

Pembroke Management Ltd. ("PML") is the portfolio manager of The GBC American Growth Fund Inc., The GBC Canadian Growth Fund, The GBC Money Market Fund and The GBC Growth and Income Fund. PML is the parent company of the Fund Manager, PPW. PML's fees are paid by the Fund Manager, which is for services including investment, management, administration, advisory and accounting.

Prior to the New Fee Payment Model, under the terms of the management agreement with PPW, the Funds paid a management fee calculated as disclosed in Note 5. There were no management fees for the period ended June 30, 2018 (for the period ending June 30, 2017 - \$6,663,345), which are presented in the statements of comprehensive income. There were no outstanding accrued fees due to PPW as at June 30, 2018 (as at December 31, 2017 - \$1,087,537), which are presented in management fees payable in the statements of financial position of each Fund.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### 9. Related party transactions – (continued)

No management fees were charged to the Funds in 2018.

The breakdown of management fees paid for the six-month period ended June 30, 2017 and payable as at December 31, 2017 per Fund is as follows:

	<b>Management fees</b>	<b>Management fees payable</b>
	<b>June 30, 2017</b>	<b>Dec. 31, 2017</b>
	<b>\$</b>	<b>\$</b>
The GBC Canadian Growth Fund	3,549,397	619,521
The GBC American Growth Fund Inc.	1,511,977	247,243
The GBC International Growth Fund	1,006,203	149,486
The GBC Growth and Income Fund	434,889	56,911
The GBC Canadian Bond Fund	130,880	13,375
The GBC Money Market Fund	29,999	1,001
Total	6,663,345	1,087,537

The management fees earned by the Manager, which were directly paid for by holders of units/shares of the Funds as per the New Fee Payment Model for the six-month period ended June 30, 2018 were as follows:

	<b>Unit/Shareholder Management fees</b>
	<b>June 30, 2018</b>
	<b>\$</b>
The GBC Canadian Growth Fund	2,558,768
The GBC American Growth Fund Inc.	1,188,734
The GBC International Growth Fund	1,338,981
The GBC Growth and Income Fund	311,628
The GBC Canadian Bond Fund	78,933
The GBC Money Market Fund	6,110
Total	5,483,154

### *Trustee and Board of Directors' remuneration*

The Trustee and the officers and directors of the Trustee are not paid trustees' or directors' fees or reimbursed for expenses by The GBC Canadian Growth Fund, The GBC Money Market Fund, The GBC Canadian Bond Fund, The GBC International Growth Fund and The GBC Growth and Income Fund.

The members of the Board of Directors and Audit Committee of The GBC American Growth Fund Inc. were paid a total remuneration of \$35,250 during the period ended June 30, 2018 (for the period ended June 30, 2017 - \$35,250) and consisted of only fixed directors' fees, which is included in Directors' fees on the statements of comprehensive income. There were no outstanding accrued fees due to the directors as at June 30, 2018 (nil as at December 31, 2017).

P E M B R O K E

**NOTES TO INTERIM FINANCIAL STATEMENTS**

Period ended June 30, 2018 (unaudited)

**9. Related party transactions – (continued)**

For the period ended June 30, 2018 and year ended December 31, 2017, the Board of Directors of The GBC American Growth Fund Inc. held redeemable units/shares in the Funds as detailed below:

**June 30, 2018**

	Number of units/shares, beginning of period	Number of units/shares, acquired during the period	Distributions reinvested	Number of units/shares, disposed during the period	Number of units/shares, management fees paid	Number of units/shares, end of period	Distributions \$
The GBC Canadian Growth Fund	33,933	537	-	39	145	34,286	-
The GBC American Growth Fund Inc.	117,217	111	-	340	455	116,534	-
The GBC International Growth Fund	26,569	22	-	106	201	26,283	-
The GBC Growth and Income Fund	28,997	168	413	36	82	29,461	5,450
The GBC Canadian Bond Fund	6,374	-	107	-	15	6,466	1,363
The GBC Money Market Fund	89,803	1,796	-	2,893	51	88,655	-
Total	302,893	2,634	520	3,414	949	301,685	6,813

\* total number of units/shares are subject to rounding differences

**December 31, 2017**

	Number of units/shares, beginning of period	Number of units/shares, acquired during the period	Distributions reinvested	Number of units/shares, disposed during the period	Number of units/shares, management fees paid	Number of units/shares, end of period	Distributions \$
The GBC Canadian Growth Fund	31,860	597	1,476	-	-	33,933	101,799
The GBC American Growth Fund Inc.	116,972	351	-	106	-	117,217	-
The GBC International Growth Fund	25,132	417	1,176	156	-	26,569	34,492
The GBC Growth and Income Fund	26,201	938	1,913	55	-	28,997	26,726
The GBC Canadian Bond Fund	6,637	-	169	432	-	6,374	2,182
The GBC Money Market Fund	86,651	8,888	-	5,736	-	89,803	-
Total	293,453	11,191	4,734	6,485	-	302,893	165,199

\* total number of units/shares are subject to rounding differences

*Other related party transactions*

The GBC Growth and Income Fund has an investment in The GBC Canadian Bond Fund which is recorded as an unconsolidated structured entity.

The change in fair value of The GBC Canadian Bond Fund is included in the statements of comprehensive income in net change in unrealized gains (losses) on investments at fair value through profit or loss.

# P E M B R O K E

## NOTES TO INTERIM FINANCIAL STATEMENTS

Period ended June 30, 2018 (unaudited)

### 9. Related party transactions – (continued)

The tables below set out interest held by The GBC Growth and Income Fund in the unconsolidated structured entity. The maximum exposure to loss is the carrying amounts of the financial assets held.

#### June 30, 2018

Underlying Fund	Number of investee Funds held	Total number of units held	Total Net Assets of investee funds \$	Fair Value \$	% Net Assets of investee funds
The GBC Canadian Bond Fund	1	1,184,688	49,039,211	15,066,389	30.7%

#### December 31, 2017

Underlying Fund	Number of investee Funds held	Total number of units held	Total Net Assets of investee funds	Fair Value \$	% Net Assets of investee funds
The GBC Canadian Bond Fund – Class O	1	1,166,307	43,034,510	15,088,636	35.1%

During the period ended June 30, 2018 and year ended December 31, 2017, The GBC Growth and Income Fund did not provide financial support to the unconsolidated structured entity and has no intention of providing financial or other support. The Fund can redeem its units in the above investment fund at any time, subject to there being sufficient liquidity in the underlying fund.

### 10. Events after statement of financial position date

There have been no significant events after the statement of financial position date which in the opinion of the Trustee and Board of Directors require disclosure in the financial statements.

### 11. Capital Management

The Funds' capital are their net assets, representing unitholders' and shareholders' equity. The Funds' objectives when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for unitholders and shareholders, maximize unitholder and shareholder value and maintain financial strength.

The Funds are not subject to any externally imposed capital requirements.

### 12. Approval of the interim financial statements

The financial statements of The GBC American Growth Fund Inc. were authorized for issuance by the Board of Directors of The GBC American Growth Fund Inc. on July 23, 2018. The financial statements of The GBC Canadian Growth Fund, The GBC Money Market Fund, The GBC Growth and Income Fund, The GBC Canadian Bond Fund and The GBC International Growth Fund were authorized for issuance by the Trustee, PPW on August 20, 2018.



# P E M B R O K E

**The GBC Canadian Growth Fund**  
**The GBC American Growth Fund Inc.**  
**The GBC International Growth Fund**  
**The GBC Growth and Income Fund**  
**The GBC Canadian Bond Fund**  
**The GBC Money Market Fund**

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**Manager and Distributor**

Pembroke Private Wealth Management Ltd.,  
Montreal, Quebec

**Trustee, Registrar and Transfer Agent**

(except for The GBC American Growth Fund Inc.)  
Pembroke Private Wealth Management Ltd.,  
Montreal, Quebec

**Registrar and Transfer Agent**

The GBC American Growth Fund Inc.  
Computershare Investor Services Inc.,  
Montreal, Quebec

**Shareholder/Unitholder Recordkeeping**

L&T Infotech Financial Services Technologies  
Inc.,  
Mississauga, Ontario

**Investment Managers**

The GBC Canadian Growth Fund,  
The GBC American Growth Fund Inc.,  
The GBC Growth and Income Fund and  
The GBC Money Market Fund  
Pembroke Management Ltd.  
Montreal, Quebec

The GBC International Growth Fund  
William Blair Investment Management,  
LLC,  
Chicago, Illinois

The GBC Canadian Bond Fund  
Canso Investment Counsel Ltd.,  
Richmond Hill, Ontario

**Independent Review Committee**

Peter M. Blaikie  
Corporate Director  
Montreal, Quebec

Marc A. Courtois  
Corporate Director  
Montreal, Quebec

Glen D. Roane  
Corporate Director  
Calgary, Alberta

**Auditor**

Deloitte LLP  
Chartered Professional Accountants  
Toronto, Ontario

**Custodian**

RBC Investor & Treasury Services  
Toronto, Ontario

**Legal Counsel**

Lavery De Billy, LLP  
Montreal, Quebec

Torys, LLP  
Toronto, Ontario

**Trustee of Registered Plans**

The Royal Trust Company  
Toronto, Ontario

# P E M B R O K E

## **The GBC American Growth Fund Inc.**

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### **Directors**

A. Ian Aitken, M.S.C., CFA  
President & Chief Executive Officer  
Pembroke Management Ltd.  
Montreal, Quebec

Marc A. Courtois <sup>1</sup>  
Corporate Director  
Montreal, Quebec

Glen D. Roane <sup>1</sup>  
Corporate Director  
Calgary, Alberta

Lloyd M. Segal <sup>1</sup>  
President & Chief Executive Officer  
Repare Therapeutics Inc.  
Montreal, Quebec

### **Officers**

Marc A. Courtois  
Chairman

A. Ian Aitken, M.S.C., CFA  
President & Chief Executive Officer

Michael P. McLaughlin, CPA, CA  
Chief Financial Officer

Anthony Calzetta, CPA, CA  
Secretary-Treasurer

### **Annual Meeting**

Monday, March 18, 2019, 4:00 p.m.  
Pembroke Private Wealth Management Ltd.  
1002 Sherbrooke St. West, Suite 1700  
Montreal, Quebec, H3A 3S4

<sup>1</sup> *Members of the Audit Committee*

# P E M B R O K E

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Pembroke Private Wealth Management Ltd. is a mutual fund dealer  
and manager of the GBC Funds.

Pembroke Management Ltd. is an investment advisor.

