



SEMI-ANNUAL
REPORT

2018

LOW VOLATILITY U.S. EQUITY INCOME FUND


strathbridge
ASSET MANAGEMENT

Low Volatility U.S. Equity Income Fund

Letter to Unitholders

We are pleased to present the 2018 semi-annual report containing the management report of fund performance and the unaudited financial statements for Low Volatility U.S. Equity Income Fund (the “Fund”).

Stock markets around the world were mixed in the first half of 2018 as investors balanced the positive impact of tax reform in the United States on earnings versus the potential consequences of a global trade war, desynchronized central banks policies as well as valuation concerns as we enter the 10th year since most markets bottomed in the early part of 2009. For the first six months of 2018, the S&P 500 Index and S&P/TSX Composite Index advanced 2.6 percent and 2.0 percent, respectively, while global markets were generally in the red with the MSCI EAFE Index down 2.4 percent and the MSCI Emerging Markets Index off 6.6 percent, as concerns surrounding trade and tariffs weighed them down. The Federal Reserve Open Market Committee (“FOMC”), which seems to be on a singular path of tightening, raised the overnight interest rate twice so far in 2018, to now sit at 2.0 percent. The short-end of the yield curve in the United States has reacted to the tighter FOMC policy with 2-year yields rising to 2.53 percent from 1.88 percent at the end of 2017. Curiously, long-term interest rates have not moved as rapidly, ending the second quarter at 2.86 percent. This dynamic has caused the yield curve to flatten to its lowest point since 2007 and sits just 30 basis points from being inverted, a condition often associated with an imminent recession. Oil prices resumed their ascent in the first half of 2018 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$74.15 per barrel on June 29, 2018, up 22.7 percent from US\$60.42 at the end of 2017. Meanwhile, other commodities did not fare as well with Copper prices off 10.5 percent, Gold down 3.8 percent and Natural Gas off 16 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), picked up in the first half of 2018, spiking to over 50 in early February, after touching all-time lows in November 2017. Given the uncertainty surrounding the global political landscape, trade war rhetoric, NAFTA renegotiations, along with the Federal Reserve continuing to shift monetary policy to one that is less accommodating, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

During the six months ended June 30, 2018, the Fund paid cash distributions of \$0.30 per unit. The net asset value per unit decreased from \$11.01 at December 31, 2017 to \$10.70 at June 30, 2018. The total return of the Fund, including reinvestment of distributions, was negative 0.1 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.11 per unit during the period. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all unitholders for their continued support and encourage unitholders to review the detailed information contained within the semi-annual report.



John P. Mulvihill
Chairman & CEO
Strathbridge Asset Management Inc.

The Fund

The Fund is a closed-end investment trust designed to maximize risk adjusted returns for unitholders and to pay unitholders monthly cash distributions in an amount targeted to be 5.0 percent per annum on the net asset value per unit. The units are listed on the Toronto Stock Exchange under the ticker symbol LVU.UN.

To accomplish its objectives, the Fund invests at least 75 percent of the value of the Fund in securities of an issuer included in the S&P 100 Index that has a trailing 12 month Beta relative to the S&P 100 Index of less than 1.0 on the date the Investment Universe is established or reconstituted. In addition, up to 25 percent of the value of the Fund may be invested in securities of other issuers included in the S&P 100 Index. The Fund may also invest in public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Low Volatility U.S. Equity Income Fund

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2018 of Low Volatility U.S. Equity Income Fund (the "Fund"). The unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended June 30, 2018, cash distributions of \$0.30 per unit were paid to unitholder as compared to \$0.28 per unit last year.

Since the inception on March 13, 2013, the Fund has paid total cash distributions of \$3.44 per unit.

Revenue and Expenses

For the six months ended June 30, 2018, the Fund's total revenue was \$0.09 per unit compared to \$0.10 per unit in the prior year. Overall expenses decreased 7.5 percent compared to the same period last year; however, total expenses per unit increased by \$0.08 to \$0.34 mainly due to a decreased average number of units outstanding during the period. The Fund had a net realized and unrealized gain of \$0.24 per unit in the first half of 2018 as compared to a net realized and unrealized gain of \$0.65 per unit a year earlier.

Net Asset Value

The net asset value per unit of the Fund decreased 2.8 percent from \$11.01 at December 31, 2017 to \$10.70 at June 30, 2018. The total net asset value of the Fund decreased \$0.14 million, from \$5.06 million at December 31, 2017 to \$4.92 million at June 30, 2018, reflecting cash distributions of \$0.14 million during the period.

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2018.

Related Party Transactions

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated February 26, 2013.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated February 26, 2013. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

Strathbridge is paid the fees described under the Management Fees section of this report.

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee (“IRC”) concerning related party transactions.

Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

Low Volatility U.S. Equity Income Fund

Management Report of Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from its inception on March 13, 2013.

Information for the period ended June 30, 2018 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2018
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 11.01
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.09
Total expenses	(0.34)
Realized gain (loss) for the period	0.05
Unrealized gain (loss) for the period	0.19
Total Increase (Decrease) from Operations⁽²⁾	(0.01)
DISTRIBUTIONS	
From capital gains	-
Non-taxable distributions	(0.30)
Total Distributions⁽³⁾	(0.30)
Net Assets, end of period⁽¹⁾	\$ 10.70

(1) All per unit figures presented are derived from the Fund's unaudited financial statements for the six months ended June 30, 2018 and the annual audited financial statements for the years ended December 31. Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

	Six months ended June 30, 2018
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value (\$millions)	\$ 4.92
Number of units outstanding	459,606
Management expense ratio ⁽¹⁾	5.95% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	163.88%
Trading expense ratio ⁽³⁾	0.35% ⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$ 10.70
Closing market price	\$ 10.56

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales taxes and withholding taxes but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2018, 2017, 2016, 2015, 2014 and 2013, excluding withholding taxes, is 5.74%, 4.25%, 3.76%, 3.00%, 2.73%, and 2.54% respectively. The MER for 2015 and 2014 includes the special resolution expense/(recovery). The MER for 2015 and 2014 excluding the special resolution expense/(recovery) is 3.35% and 3.06% respectively.

(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.

Low Volatility U.S. Equity Income Fund

Management Report of Fund Performance

The information for periods ended December 31 is derived from the Fund's audited annual financial statements.

		Periods ended December 31							
		2017	2016	2015	2014	2013 ⁽⁴⁾			
\$	10.16	\$	10.99	\$	11.33	\$	10.97	\$	9.33 ⁽⁵⁾
	0.28		0.23		0.26		0.28		0.16
	(0.51)		(0.47)		(0.41)		(0.38)		(0.25)
	1.74		0.12		1.43		1.92		0.61
	(0.19)		(0.21)		(1.23)		(0.58)		1.51
	1.32		(0.33)		0.05		1.24		2.03
	(0.37)		–		(0.41)		(0.67)		(0.23)
	(0.21)		(0.57)		(0.20)		(0.35)		(0.14)
	(0.58)		(0.57)		(0.61)		(1.02)		(0.37)
\$	11.01	\$	10.16	\$	10.99	\$	11.33	\$	10.97

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution.

(4) For the period from inception on March 13, 2013 to December 31, 2013.

(5) Initial issue price, net of agent fees and issue costs.

		Periods ended December 31							
		2017	2016	2015	2014	2013 ⁽⁶⁾			
\$	5.06	\$	6.62	\$	9.53	\$	14.62	\$	23.43
	459,606		651,798		867,508		1,289,533		2,135,000
	4.56%		4.09%		3.35%		3.10%		2.54% ⁽⁴⁾
	384.78%		516.54%		369.11%		473.12%		223.06%
	0.28%		0.44%		0.36%		0.35%		0.33% ⁽⁴⁾
\$	11.01	\$	10.16	\$	10.99	\$	11.33	\$	10.97
\$	10.51	\$	9.86	\$	10.37	\$	11.00	\$	10.45

(3) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.

(4) Annualized.

(5) Net asset value per unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities, divided by the number of units then outstanding.

(6) For the period from inception on March 13, 2013 to December 31, 2013.

Low Volatility U.S. Equity Income Fund

Management Report of Fund Performance

Management Fees

Strathbridge, as the Investment Manager and Manager of the Fund, is entitled to fees under the Investment Management Agreement and Trust Agreement calculated monthly as 1/12 of 1.00 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Strathbridge also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

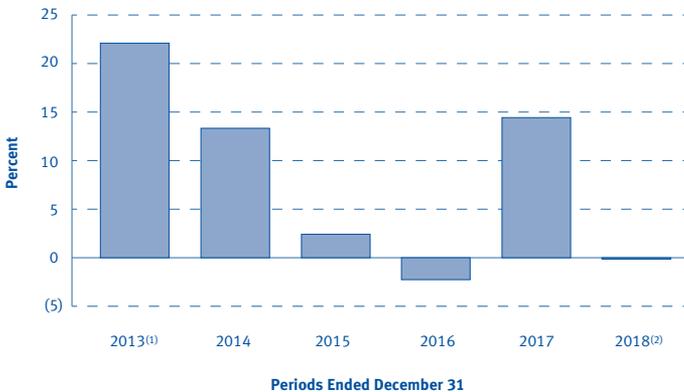
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions made by the Fund during these periods were reinvested in units of the Fund,
- (2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year for the past five years and for the six months ended June 30, 2018. The chart also shows, in percentage terms, how much an investment made on January 1 or the date of inception on March 13, 2013 would have increased or decreased by the end of the fiscal year or June 30, 2018 for the six months ended.

Total Return



⁽¹⁾ For the period from March 13, 2013, the inception of the Fund, to December 31, 2013.

⁽²⁾ For the six months ended June 30, 2018.

Portfolio Manager Report

Stock markets around the world were mixed in the first half of 2018 as investors balanced the positive impact of tax reform in the United States on earnings versus the potential consequences of a global trade war, desynchronized central banks policies as well as valuation concerns as we enter the 10th year since most markets bottomed in the early part of 2009. For the first six months of 2018, the S&P 500 Index and S&P/TSX Composite Index advanced 2.6 percent and 2.0 percent, respectively, while global markets were generally in the red with the MSCI EAFE Index down 2.4 percent and the MSCI Emerging Markets Index off 6.6 percent, as concerns surrounding trade and tariffs weighed them down. The Federal Reserve Open Market Committee (“FOMC”), which seems to be on a singular path of tightening, raised the overnight interest rate twice so far in 2018, to now sit at 2.0 percent. The short-end of the yield curve in the United States has reacted to the tighter FOMC policy with 2-year yields rising to 2.53 percent from 1.88 percent at the end of 2017. Curiously, long-term interest rates have not moved as rapidly, ending the second quarter at 2.86 percent. This dynamic has caused the yield curve to flatten to its lowest point since 2007 and sits just 30 basis points from being inverted, a condition often associated with an imminent recession. Oil prices resumed their ascent in the first half of 2018 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$74.15 per barrel on June 29, 2018, up 22.7 percent from US\$60.42 at the end of 2017. Meanwhile, other commodities did not fare as well with Copper prices off 10.5 percent, Gold down 3.8 percent and Natural Gas off 16 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), picked up in the first half of 2018, spiking to over 50 in early February, after touching all-time lows in November 2017. Given the uncertainty surrounding the global political landscape, trade war rhetoric, NAFTA renegotiations, along with the Federal Reserve continuing to shift monetary policy to one that is less accommodating, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

For the six months ended June 30, 2018, the net asset value (“NAV”) per unit of the Fund was \$10.70 compared to \$11.01 at December 29, 2017. Unitholders received regular cash distributions of \$0.30 per unit during the period. The Fund’s units, listed on the Toronto Stock Exchange as LVU.UN, closed on June 29, 2018 at \$10.56 per unit, which represents a 1.3 percent discount to the NAV.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2018 was negative 0.1 percent. The total return for the S&P 100 Equal Weighted Index over the same period was negative 0.02 percent in U.S. dollar terms while the equal weighted return of the Universe of the Fund was negative 0.7 percent. The best performing stock within the portfolio was Amazon.com, Inc., up 45.3 percent over the period, while Bristol-Myers Squibb Company was the laggard, down 18.9 percent, while held in the Fund.

Volatility was generally higher in the first half of 2018, spiking in February before drifting back towards historically low levels. The Fund ended June 30, 2018 with 9.1 percent of the Fund subject to covered calls and the net realized gain on options attributable to the Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.11 per unit. The Fund maintained a relatively low average cash position during the period of 6.2 percent compared to 3.7 percent at the end of 2017. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar exposure hedged.

Low Volatility U.S. Equity Income Fund

Management Report of Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.strathbridge.com.

Asset Mix

June 30, 2018

	% of Net Asset Value
Consumer Discretionary	34.7 %
Health Care	15.4 %
Cash	12.4 %
Information Technology	11.3 %
Energy	8.5 %
Industrials	7.8 %
Consumer Staples	6.4 %
Real Estate	2.5 %
Financials	2.0 %
Other Assets (Liabilities)	(1.0)%
	100.0 %

Management Report of Fund Performance

Portfolio Holdings

June 30, 2018

	% of Net Asset Value
Cash	12.4%
NIKE, Inc.	6.8%
Costco Warehouse Corporation	6.4%
The Home Depot, Inc.	6.3%
UnitedHealth Group Incorporated	6.2%
Amazon.com, Inc.	6.1%
Honeywell International Inc.	5.8%
Twenty-First Century Fox, Inc.	5.6%
Eli Lilly and Company	5.2%
Alphabet Inc.	5.1%
The Walt Disney Company	5.1%
McDonald's Corporation	4.8%
Occidental Petroleum Corporation	4.5%
Chevron Corporation	4.0%
Danaher Corporation	4.0%
Microsoft Corporation	3.1%
Accenture PLC	3.1%
Simon Property Group, Inc.	2.5%
Bank of America Corporation	2.0%
Emerson Electric Co.	2.0%

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund's views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying condensed financial statements of Low Volatility U.S. Equity Income Fund (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Advisors (the "Board").

The condensed financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the condensed financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2017.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting matters, and to review the annual report, the financial statements and the independent auditor's report. Deloitte LLP, The Fund's independent auditor, has full and unrestricted access to the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 9, 2018

Notice to Unitholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2018 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Low Volatility U.S. Equity Income Fund

Condensed Financial Statements

Statements of Financial Position

As at June 30, 2018 (Unaudited) and December 31, 2017 (Audited)

	Note	June 30, 2018	Dec. 31, 2017
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 4,357,636	\$ 4,803,162
Derivative assets	2	12,829	107,821
Dividends receivable		5,630	6,083
Cash		608,503	183,928
TOTAL ASSETS		4,984,598	5,100,994
LIABILITIES			
Derivative liabilities	2	32,832	–
Accrued liabilities		30,838	36,362
Accrued management fees	4	3,929	4,020
TOTAL LIABILITIES		67,599	40,382
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS		\$ 4,916,999	\$ 5,060,612
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT		\$ 10.6983	\$ 11.0108

The notes are an integral part of the Condensed Financial Statements.

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2018	2017
INCOME			
Dividend income		\$ 40,144	\$ 67,986
Interest income		2,397	333
Net realized gain on investments at fair value through profit or loss		36,879	656,582
Net realized gain on options at fair value through profit or loss		52,809	3,460
Net realized loss on forward exchange contracts at fair value through profit or loss		(68,983)	(130,615)
Net change in unrealized gain/loss on investments at fair value through profit or loss		88,259	(102,188)
TOTAL INCOME, NET		151,505	495,558
EXPENSES			
Management fees	4	24,993	33,752
Service fees		9,727	13,310
Administrative and other expenses		38,771	37,718
Transaction fees	5	8,735	7,256
Custodian fees		26,744	23,319
Audit fees		13,872	13,872
Advisory board fees	4	10,200	10,200
Independent review committee fees	4	3,750	3,750
Legal fees		496	2,050
Unitholder reporting costs		7,679	6,477
Harmonized sales tax		7,968	8,866
Withholding taxes		5,041	10,191
TOTAL EXPENSES		157,976	170,761
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	6	\$ (6,471)	\$ 324,797
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT	6	\$ (0.0141)	\$ 0.4983

The notes are an integral part of the Condensed Financial Statements.

Low Volatility U.S. Equity Income Fund

Condensed Financial Statements

Statements of Changes in Equity

Six months ended June 30, 2018 (Unaudited)

	Unit Capital	Retained Earnings	Total
BALANCE AT JANUARY 1, 2017	\$ 6,078,016	\$ 545,068	\$ 6,623,084
Increase in Net Assets Attributable to Equity Holders	–	787,265	787,265
Distributions			
From capital gains	–	(212,011)	(212,011)
Non-taxable distributions	–	(126,321)	(126,321)
Value for units redeemed	(1,792,190)	(219,215)	(2,011,405)
BALANCE AT DECEMBER 31, 2017	\$ 4,285,826	\$ 774,786	\$ 5,060,612
Decrease in Net Assets Attributable to Equity Holders	–	(6,471)	(6,471)
Distributions			
Non-taxable distributions	–	(137,142)	(137,142)
BALANCE AT JUNE 30, 2018	\$ 4,285,826	\$ 631,173	\$ 4,916,999

The notes are an integral part of the Condensed Financial Statements.

Statements of Cash Flows

For the six months ended June 30 (Unaudited)

	2018	2017
CASH, BEGINNING OF YEAR	\$ 183,928	\$ 235,895
Cash Flows Provided by (Used In) Operating Activities		
Increase/(Decrease) in Net Assets Attributable to Equity Holders	(6,471)	324,797
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Net realized gain on investments at fair value through profit or loss	(36,879)	(656,582)
Net realized gain on options at fair value through profit or loss	(52,809)	(3,460)
Net realized loss on forward exchange contracts at fair value through profit or loss	68,983	130,615
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	(88,259)	102,188
Net change in unrealized appreciation/depreciation on foreign cash	1,590	842
(Increase)/decrease in dividends receivable and due from brokers - derivatives	453	(686)
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments	(5,615)	62,788
Purchase of investment securities	(7,776,894)	(12,847,841)
Proceeds from disposition of investment securities	8,457,618	13,236,153
	568,188	24,017
Cash Flows Used in Financing Activities		
Unitholder distributions	(137,142)	(185,489)
Net Increase in Cash during the Period	424,575	163,325
CASH, END OF PERIOD	\$ 608,503	\$ 399,220
Dividends received, net of withholding taxes	\$ 35,556	\$ 59,899
Interest received	\$ 2,397	\$ 333

The notes are an integral part of the Condensed Financial Statements.

Schedule of Investments

As at June 30, 2018 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Equity Holders
INVESTMENTS				
Non-North American Common Shares				
Information Technology				
Accenture PLC	700	\$ 150,520	\$ 150,635	3.1%
Total Non-North American Common Shares		\$ 150,520	\$ 150,635	3.1%
United States Common Shares				
Consumer Discretionary				
Amazon.com, Inc.	135	\$ 230,440	\$ 301,859	
McDonald's Corporation	1,150	243,107	237,034	
NIKE, Inc.	3,200	235,106	335,406	
The Home Depot, Inc.	1,200	256,661	307,972	
The Walt Disney Company	1,800	245,079	248,169	
Twenty-First Century Fox, Inc.	4,200	208,396	274,530	
Total Consumer Discretionary		1,418,789	1,704,970	34.7%
Consumer Staples				
Costco Warehouse Corporation	1,150	276,843	316,137	6.4%
Energy				
Chevron Corporation	1,200	190,190	199,574	
Occidental Petroleum Corporation	2,000	176,722	220,153	
Total Energy		366,912	419,727	8.5%
Financials				
Bank of America Corporation	2,700	104,532	100,122	2.0%
Health Care				
Danaher Corporation	1,500	162,436	194,712	
Eli Lilly and Company	2,300	242,454	258,168	
UnitedHealth Group Incorporated	940	281,590	303,367	
Total Health Care		686,480	756,247	15.4%
Industrials				
Emerson Electric Co.	1,100	98,926	100,045	
Honeywell International Inc.	1,490	282,633	282,339	
Total Industrials		381,559	382,384	7.8%
Information Technology				
Alphabet Inc.	170	221,621	252,515	
Microsoft Corporation	1,170	113,867	151,768	
Total Information Technology		335,488	404,283	8.2%
Real Estate				
Simon Property Group, Inc.	550	124,914	123,131	2.5%
Total United States Common Shares		\$ 3,695,517	\$ 4,207,001	85.5%

Low Volatility U.S. Equity Income Fund

Schedule of Investments

As at June 30, 2018 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets Attributable to Equity Holders
Forward Exchange Contracts				
Sold USD \$985,000, Bought CAD \$1,267,477 @ 0.77713 - July 18, 2018			\$ (27,790)	
Sold USD \$870,000, Bought CAD \$1,156,378 @ 0.75235 - August 15, 2018			12,829	
Total Forward Exchange Contracts			\$ (14,961)	(0.3)%
Options				
Written Covered Call Options (100 shares per contract)				
Bank of America Corporation - July 2018 @ \$30	(20)	\$ (1,482)	\$ (434)	
Chevron Corporation - July 2018 @ \$127	(4)	(1,284)	(1,126)	
Emerson Electric Company - July 2018 @ \$71	(11)	(1,652)	(941)	
Honeywell International Inc. - July 2018 @ \$147	(7)	(2,773)	(1,482)	
Occidental Petroleum Corporation - July 2018 @ \$85	(7)	(1,905)	(1,059)	
Total Written Covered Call Options		(9,096)	(5,042)	
Total Options		\$ (9,096)	\$ (5,042)	(0.1)%
Adjustment for transaction fees		(832)		
TOTAL INVESTMENTS		\$ 3,836,109	\$ 4,337,633	88.2 %
OTHER NET ASSETS			579,366	11.8 %
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS			\$ 4,916,999	100.0 %

1. Basis of Presentation

The condensed semi-annual financial statements for Low Volatility U.S. Equity Income Fund (the “Fund”) have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically the International Accounting Standard (“IAS”) 34 Interim Financial Reporting. However, not all disclosures required by IFRS for annual financial statements have been presented and, accordingly, these condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2017.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2017 with the exception of the adoption of IFRS 9: Financial Instruments (“IFRS 9”).

Standards, Amendments and Interpretations Effective for the Current Year

The Fund has adopted IFRS 9 for the first time for the period beginning on January 1, 2018.

The adoption of IFRS 9 has been applied retrospectively by the Fund. IFRS 9 requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Upon adoption of IFRS 9, the Fund’s financial assets and liabilities previously classified as at fair value through profit or loss (“FVTPL”) and amortized cost under IAS 39 “Financial Instruments: Recognition and Measurement”, continued to be classified at FVTPL and amortized cost.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

(a) Classification

Financial Assets

The Fund classifies its investments in equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) has not been taken.

Consequently, these financial assets are mandatorily measured at FVTPL.

Held for Trading

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Low Volatility U.S. Equity Income Fund

Notes to Condensed Financial Statements

June 30, 2018 (Unaudited)

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and liabilities measured at amortized cost include cash, dividends receivable, due from brokers - investments, due to brokers - investments, accrued liabilities, accrued management fees, redemptions payable and the Fund's obligation for net assets attributable to equity holders.

IFRS 9 replaced the incurred loss model in IAS 39 with the expected credit loss model ("ECL"), as the new impairment model for financial assets carried at amortized cost. The Fund's financial assets measured at amortized cost consist of receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime ECLs. Given the short-term nature of the receivables and high credit quality, this amendment has not had a material impact on the financial statements and these receivables are not considered impaired.

These condensed financial statements were approved by the Board of Advisors on August 9, 2018.

2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2017.

Credit Risk

The Fund measures credit risk and lifetime ECLs related to the receivables using historical analysis and forward-looking information in determining the ECL.

During the periods ended June 30, 2018 and December 31, 2017, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

Liquidity Risk

The amounts in the table are the contractual undiscounted cash flows:

	As at June 30, 2018		
	Financial Liabilities		Total
	On Demand	< 3 months	
Derivative liabilities	\$ -	\$ 32,832	\$ 32,832
Accrued liabilities	-	30,838	30,838
Accrued management fees	-	3,929	3,929
	\$ -	\$ 67,599	\$ 67,599

	As at December 31, 2017		
	Financial Liabilities		Total
	On Demand	< 3 months	
Accrued liabilities	\$ -	\$ 36,362	\$ 36,362
Accrued management fees	-	4,020	4,020
	\$ -	\$ 40,382	\$ 40,382

Notes to Condensed Financial Statements

June 30, 2018 (Unaudited)

Market Risk

(a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2018 and December 31, 2017 in Canadian dollar terms, and the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to equity holders if the Canadian dollar had strengthened or weakened by 5 percent in relation to each of the other currencies, with all other variables held constant.

	As at June 30, 2018 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (1,858,930)	\$ 4,201,959	\$ 2,343,029	\$ (92,947)	\$ 210,098	\$ 117,151
% of Net Assets Attributable to Equity Holders	(38)%	85%	47%	(2)%	4%	2%

	As at December 31, 2017 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$ (4,941,034)	\$ 4,813,386	\$ (127,648)	\$ (247,052)	\$ 240,669	\$ (6,383)
% of Net Assets Attributable to Equity Holders	(98)%	95%	(3)%	(5)%	5%	0%

(b) Price Risk

Approximately 86 percent (December 31, 2017 - 95 percent) of the Fund's net assets attributable to equity holders held at June 30, 2018 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2018, the net assets attributable to equity holders would have increased or decreased by \$0.2 million (December 31, 2017 - \$0.2 million) respectively or 4.3 percent (December 31, 2017 - 4.7 percent) of the net assets attributable to equity holders all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2018	Dec. 31, 2017
Consumer Discretionary	39.1%	33.7%
Health Care	17.4%	15.2%
Information Technology	12.7%	16.1%
Energy	9.6%	-
Industrials	8.8%	16.8%
Consumer Staples	7.3%	-
Real Estate	2.8%	-
Financials	2.3%	10.9%
Consumer Staples	-	4.1%
Telecommunication Services	-	3.2%
	100.0%	100.0%

Low Volatility U.S. Equity Income Fund

Notes to Condensed Financial Statements

June 30, 2018 (Unaudited)

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2018 and December 31, 2017.

	As at June 30, 2018			Total
	Level 1	Level 2	Level 3	
Non-North American Shares	\$ 150,635	\$ -	\$ -	\$ 150,635
United States Common Shares	4,207,001	-	-	4,207,001
Forward Exchange Contracts	-	(14,961)	-	(14,961)
Options	(5,042)	-	-	(5,042)
	<u>\$ 4,352,594</u>	<u>\$ (14,961)</u>	<u>\$ -</u>	<u>\$ 4,337,633</u>

	As at December 31, 2017			Total
	Level 1	Level 2	Level 3	
Non-North American Common Shares	\$ 237,762	\$ -	\$ -	\$ 237,762
United States Common Shares	4,565,400	-	-	4,565,400
Forward Exchange Contracts	-	97,597	-	97,597
Options	10,224	-	-	10,224
	<u>\$ 4,813,386</u>	<u>\$ 97,597</u>	<u>\$ -</u>	<u>\$ 4,910,983</u>

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2018 and during the year ended December 31, 2017.

3. Units

For the six months ended June 30, 2018, cash distributions paid to unitholders were \$137,142 (June 30, 2017 - \$185,489) representing a payment of \$0.30 (June 30, 2017 - \$0.28) per unit.

During the six months ended June 30, 2018 and 2017, nil units were redeemed.

During the six months ended June 30, 2018 and year ended December 31, 2017, unit transactions are as follows:

	June 30, 2018	Dec. 31, 2017
Units outstanding, beginning of year	459,606	651,798
Units redeemed	-	(192,192)
Units outstanding, end of period	<u>459,606</u>	<u>459,606</u>

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2018 were \$24,993 (June 30, 2017 - \$33,752) of which \$3,929 (June 30, 2017 - \$5,644) is unpaid.

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the six months ended June 30, 2018 were \$10,200 (June 30, 2017 - \$10,200).

Notes to Condensed Financial Statements

June 30, 2018 (Unaudited)

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2018 were \$3,750 (June 30, 2017 - \$3,750).

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2018 and 2017 is disclosed below:

	June 30, 2018	June 30, 2017
Soft Dollars	\$ 2,117	\$ 3,451
Percentage of Total Transaction Fees	24.2%	47.6%

6. Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

The increase/decrease in net assets attributable to equity holders per unit for the six months ended June 30, 2018 and 2017 is calculated as follows:

	June 30, 2018	June 30, 2017
Increase/(Decrease) in Net Assets Attributable to Equity Holders	\$ (6,471)	\$ 324,797
Weighted Average Number of Units Outstanding during the Period	459,606	651,798
Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit	\$ (0.0141)	\$ 0.4983

**Investment Funds Managed by
Strathbridge Asset Management Inc.**

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)

Core Canadian Dividend Trust (CDD.UN)

Low Volatility U.S. Equity Income Fund (LVU.UN)

NDX Growth & Income Fund (NGI.UN)

U.S. Financials Income Fund (USF.UN)

Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)

S Split Corp. (SBN.PR.A/SBN)

Top 10 Split Trust (TXT.PR.A/TXT.UN)

World Financial Split Corp. (WFS.PR.A/WFS)

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