Court File No. CV-17-579357-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

ANTHONY WHITEHOUSE

Plaintiff

and

BDO CANADA LLP

Defendant

MOTION RECORD OF THE PLAINTIFFS
VOLUME 1 OF 20

June 15, 2018

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B E T W E E N:

ANTHONY WHITEHOUSE

Plaintiff

and

BDO CANADA LLP

Defendant

NOTICE OF MOTION

The proposed Representative Plaintiff, Anthony Whitehouse, will make a motion to the Honourable Justice Perell at 10:00 a.m. on the earliest available motion date, or as soon thereafter as the motion can be heard, at the court house, 393 University Avenue, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD OF HEARING: The motion is to be heard

[ ] in writing under subrule 37.12.1(1) because it is;

[ ] in writing as an opposed motion under subrule 37.12.1(4);

[X] orally.

THE MOTION IS FOR AN ORDER:

(a) Certifying this action as a class proceeding pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6;

(b) Appointing Anthony Whitehouse as the Representative Plaintiff of the proposed Class;

(c) Defining the "**Class**" as all persons or entities who:

(i) invested in any of the Funds, as that term is defined herein, of Crystal Wealth Management System Ltd. ("**Crystal Wealth**") at any time from April 12, 2007 to April 7, 2017 (the "**Class Period**") and who retained investments in any of the Funds on April 7, 2017, including, without limitation, those persons or entities who filed claims in the receivership of Crystal Wealth, but excluding the Excluded Persons;

(ii) for purposes hereof, "**Excluded Persons**" means any of:

(1) clients of Crystal Wealth who did not invest in any of the Funds, as that term is defined herein, during the Class Period;

(2) the Defendant, BDO Canada LLP ("**BDO**");

(3) any partner or employee of BDO, and any member of the immediate family of any such partner or employee;

(4) any person who served as an officer or director of Crystal Wealth at any time, and any member of the immediate family of any such officer or director;

(5) any person who acted as a Crystal Wealth investment advisor;

(6) Media House Capital (Canada) Corp.;

(7) Bron Capital Partners Corp., Bron Studios Inc., Bron Animation Inc., Bron Media Corp., and Bron Developments Inc.;

(8) Aaron Gilbert;

(9) Stephen Thibault;

(10) Chrysalis Yoga Inc.;

(11) any other beneficial shareholders of Crystal Wealth, and members of their immediate families;

(12) any entity in respect of which any of the persons identified in (1) to (11) above has a direct or indirect controlling interest;

(13) any person who ultimately controls an entity that is an Excluded Person; and

(14) the legal representatives, heirs, successors and assignees of any Excluded Person.

(d) Certifying the following issues as common issues among the Class:

(i) Were the audit opinions delivered by BDO with respect to the financial reporting of Crystal Wealth and all attestations delivered by BDO with respect to Crystal Wealth's financial statements given for the purpose of:

(1) allowing Crystal Wealth to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and

Commodity Trading Manager registered in Ontario pursuant to the *Securities Act*, R.S.O. 1990, c. S.5, and its Regulations; and

(2) with the expectation and knowledge on the part of BDO that the Ontario Securities Commission (the "**OSC**") would rely on BDO's opinion and its representations as the basis for OSC registration renewals and to permit continued, additional or new investments by members of the Class?

(ii) Did BDO owe a duty of care to the Class with respect to the audits of the Funds?

(iii) If so, did BDO breach this duty of care by failing to meet the applicable standard of care required of an auditor performing professional services?

(iv) If so, did BDO's breach of the duty of care cause damages to the Class?

(v) Can damages be determined on an aggregate basis? If so, what are the aggregate damages?

(vi) Should BDO pay punitive damages? If so, in what amount?

(e) Approving the Litigation Plan attached hereto as Schedule "A";

(f) Granting the Plaintiff the costs of this motion;

(g) Such further and other relief as counsel may advise and this Honourable Court deem just.

THE GROUNDS FOR THE MOTION ARE

(a) The proposed Representative Plaintiff and the other members of the proposed Class were at all material times investors in the following 15 proprietary investment funds that were created, marketed and managed by Crystal Wealth (individually, a "**Fund**", and collectively, the "**Funds**"):

(i) Crystal Wealth Mortgage Strategy;

(ii) Crystal Wealth High Yield Mortgage Strategy;

(iii) Crystal Wealth Infrastructure Strategy;

(iv) Crystal Wealth Media Strategy;

(v) Crystal Wealth Medical Strategy;

(vi) Crystal Wealth Enlightened Factoring Strategy;

(vii) Crystal Enlightened Resource and Precious Metals Fund;

(viii) Crystal Enlightened Bullion Fund;

(ix) Crystal Wealth Enlightened Hedge Fund;

(x) Crystal Wealth Conscious Capital Strategy;

(xi) ACM Income Fund;

(xii) ACM Growth Fund;

(xiii) Absolute Sustainable Dividend Fund;

(xiv) Absolute Sustainable Property Fund; and

(xv) Crystal Wealth Retirement One Fund.

(b) The Funds were structured as open-ended mutual fund trusts that were distributed to investors pursuant to Offering Memoranda;

(c) In or around early 2017, an OSC investigation revealed that Crystal Wealth, as well as its sole director and officer, Clayton Smith, and others were involved in breaches of securities laws insofar as invested funds were being improperly diverted to enrich Crystal Wealth, Smith and others;

(d) The OSC's investigation also revealed that the net asset value ("**NAV**") of at least one of the Funds was materially overstated, and that this could affect the NAV of other Funds as well, due to the existence of significant inter-Fund investments;

(e) On April 7, 2017, the OSC issued a temporary order against Crystal Wealth, Smith, the Funds and certain other persons, which prohibited all trading in the Funds, including redemptions, distributions, and acquisitions of securities;

(f) The April 7, 2017 temporary order was extended on April 13, 2017, April 28, 2017, October 2, 2017 (with certain amendments), and April 9, 2018;

(g) On April 26, 2017, pursuant to an order of the Ontario Superior Court, Grant Thornton LLP (the "**Receiver**") was appointed receiver of all of the assets, undertakings and properties of Crystal Wealth and the Funds;

(h) The effect of these orders is that securities held in the Funds cannot be traded and units cannot be redeemed by Crystal Wealth investors;

(i) Since its appointment, the Receiver has conducted an investigation into Crystal Wealth and has identified significant concerns with the Funds, their underlying investments, and the conduct of parties associated with the Funds. In particular, the Receiver has identified serious issues with respect to:

(i) The lack of segregation of duties in performing the day-to-day operations and governance of Crystal Wealth, resulting in its not having an effective organizational structure to ensure proper oversight and governance of the Funds and possibly compliance with Ontario securities laws;

(ii) The decisions of Crystal Wealth, Smith, and Al Housego (a Crystal Wealth investment advisor and the former Lead Portfolio Strategist for some of the Funds) to cause certain of the Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in their Offering Memoranda, and/or lacked the security which was to be provided by third parties to the Funds in connection with the investments;

(iii) The relationships between Smith, Housego, administrators of certain investments in the Funds, and the principals of the companies to which certain Funds advanced monies, purportedly on account of investments;

(iv) Certain Funds' exposure as being concentrated within only a few companies, which received substantial amounts of money from the Funds;

(v) The ultimate use of and lack of accountability for investors' money once investments were made by Crystal Wealth, Smith, and/or Housego on behalf of the Funds;

(vi) The significant amount of money transferred between Funds which may have been used to falsely create liquidity to meet investor distributions and/or redemptions;

(vii) The payments of distributions to investors in the Funds, which Funds had no sources of income or cash flow, as the payments appear to have been supported only by inter-Fund investments;

(viii) The disclosure of false or manipulated NAVs of the Funds, causing the NAVs of certain Funds to be materially overstated;

(ix) Accordingly, the quality of and ultimate collectability of investments held by certain of the Funds may be grossly impaired;

(x) The quality and ultimate collectability of approximately $88.72 million of recorded value;

(xi) A further potential impairment of approximately $27.91 million of recorded value;

(xii) The state of Crystal Wealth's record-keeping; and

(xiii) The lack of due diligence performed on the Funds' investments prior to investments being made;

(j) At all material times, BDO was the auditor of the Funds;

(k) Each year, Crystal Wealth released the Funds' audited financial statements, which included independent auditor reports from BDO;

(l) In the audit reports for a particular Fund, BDO represented that that Fund's financial statements presented fairly, in all material respects, the financial position of the Fund as at year-end and that its financial performance and cash flows were in accordance with Generally Accepted Accounting Procedures or International Financial Reporting Standards, as applicable;

(m) BDO had access to the individual names and number of units held by each investor of the Funds, and it addressed the audit reports to the unitholders of the Funds;

(n) In performing the audits, BDO owed a duty of care to the members of the Class;

(o) BDO failed to meet the standard of care required of it in respect of its audits of the Funds, in that it failed to;

(i) conduct them in accordance with generally accepted auditing standards;

(ii) obtain reasonable assurance about whether the financial statements were free from material misstatement;

(iii) obtain appropriate and sufficient evidence that the assets of the Funds actually existed and were fairly valued;

(iv) conduct a sufficient review of the underlying documentation associated with the assets of the Funds;

(v) obtain support for the reported value;

(vi) appropriately account for the value (or lack thereof) of off-book assets;

(vii) obtain independent evidence to confirm the value and collectability of the Funds' underlying investments;

(viii) discover that there was insufficient documentation to support the value of the Funds;

(ix) identify Crystal Wealth's poor record-keeping and internal controls; and

(x) identify that the Funds were significantly over-valued;

(p) BDO's audits were delivered to the OSC, which were relied upon in permitting Crystal Wealth to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager under the *Securities Act* and its Regulations, and allowed for continued, additional or new investments;

(q) BDO's audits were also intended to allow investors to assess the Funds' performance, fairly value and/or evaluate their investments, and make investment decisions;

(r) BDO knew or ought to have known that the OSC and investors would rely on its audits;

(s) As a result of BDO's negligence, the Class members have suffered damages;

(t) The claims of the proposed Representative Plaintiff and members of the Class raise common issues of fact and law;

(u) A class proceeding is the preferable procedure for the resolution of these common issues;

(v) There is an identifiable class of two or more persons that would be represented by the proposed Representative Plaintiff proposed herein;

(w) The proposed Representative Plaintiff would fairly and adequately represent the interests of the Class and has produced a Litigation Plan that sets out a workable method of advancing the proceeding on behalf of the Class and of notifying Class members of the proceeding;

(x) The proposed Representative Plaintiff does not have any conflict of interest on the common issues with the interests of other Class members;

(y) The *Class Proceedings Act, 1992* and rules 12 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194;

(z) Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The pleadings;

(b) The Affidavit of Anthony Whitehouse, sworn on June 15, 2018;

(c) The Affidavit of Marlie Patterson-Earle, sworn on June 14, 2018;

(d) The Affidavit of Barry J. Myers, affirmed on April 16, 2018;

(e) The Supplementary Affidavit of Marlie Patterson-Earle, sworn on June 15, 2018; and

(f) Such further and other evidence as counsel may advise and this Honourable Court may permit.

June 15, 2018

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BDO Canada LLP

Schedule "A"

LITIGATION PLAN

DEFINED TERMS

1. Capitalized terms that are not defined in this litigation plan ("**Plan**") have the meanings as particularized in the statement of claim.

CLASS COUNSEL

2. The Plaintiff has retained Adair Goldblatt Bieber LLP ("**Class Counsel**") to prosecute this class action. Class Counsel has the requisite knowledge, skill, experience, and resources to prosecute the action to resolution.

THE COMPOSITION OF THE CLASS

3. The Plaintiff seeks to certify this matter on behalf of the following "**Class**":

All persons:

(i) who became a client of Crystal Wealth Management System Ltd. ("**Crystal Wealth**") at any time from the inception of Crystal Wealth's operations through to April 7, 2017 (the "**Class Period**"), and who were a client of Crystal Wealth on April 7, 2017, including, without limitation, those persons who filed claims in the receivership of Crystal Wealth, but excluding the Excluded Persons;

(ii) for purposes hereof, "**Excluded Persons**" means:

(1) any client of Crystal Wealth who did not invest in any of the Funds (as that term is defined in the Notice of Motion) during the Class Period;

(2) the Defendant, BDO Canada LLP ("**BDO**");

(3) any partner or employee of BDO, and any member of the immediate family of any such partner or employee;

(4) any person who served as an officer or director of Crystal Wealth at any time, and any member of the immediate family of any such officer or director;

(5) any person who acted as a Crystal Wealth investment advisor;

(6) Media House Capital (Canada) Corp.;

(7) Bron Capital Partners Corp., Bron Studios Inc., Bron Animation Inc., Bron Media Corp., and Bron Developments Inc.;

(8) Aaron Gilbert;

(9) Stephen Thibault;

(10) Chrysalis Yoga Inc.;

(11) any other beneficial shareholders of Crystal Wealth, and members of their immediate families;

(12) any entity in respect of which any of the persons identified in (1) to (11) above has a direct or indirect controlling interest;

(13) any person who ultimately controls an entity that is an Excluded Person; and

(14) the legal representatives, heirs, successors and assignees of any Excluded Person.

REPORTING AND COMMUNICATION

4. Class Counsel will post information about the nature and status of this action on their website (the "**Website**"). That information will be updated regularly. Copies of important, publicly-available court documents, court decisions, notices, documentation and other information relating to the action are or will be accessible from the Website.

5. The Website will also provide the names and telephone numbers of members of the Class Counsel team to permit putative members of the Class to contact Class Counsel with questions.

DOCUMENT MANAGEMENT

6. Class Counsel will use data management systems to organize, code and manage the documents produced by the Defendant and all relevant documents in the Plaintiff's possession.

NOTICE OF CERTIFICATION OF THE ACTION AS A CLASS PROCEEDING AND THE OPT-OUT PROCEDURE

7. If the action is certified as a class proceeding, the Plaintiff proposes that a notice advising of the certification be circulated to advise members of the Class, among other things, that:

a) the Court certified the action as a class proceeding;

b) a person may only opt out of the class proceeding by sending a written election to opt out to the recipient designated by the Court before a date fixed by the Court;

c) a person may not opt out of the class proceeding after the date fixed by the Court; and

d) if the common issues are resolved in favour of the Class, claimants may be required to register, file a claim and submit documentation to a designated person in order to be entitled to any compensation.

8. The Plaintiff proposes that the notice advising of certification, in a form approved by the Court, be distributed and published in the following manner:

a) sent to each Class Member known to the Receiver;

b) posted by Class Counsel on the Website;

c) provided by Class Counsel to any person who requests it;

d) published once in the national edition of The Globe and Mail, Report on Business section;

e) published once in the national edition of the National Post, Financial Post section; and

f) posted on the Receiver's website.

9. The Plaintiff may ask the Court to order that the Defendant pay the costs of disseminating the notice in the above manner. Alternatively, the Plaintiff will pay the costs in the first instance, reserving their right to seek recovery of these costs from the Defendant by order of the judge presiding at the trial of the common issues.

LITIGATION SCHEDULE

10. After disposition of the certification motion, assuming success for the Plaintiff and absent agreement among counsel, the Plaintiff will ask the Court to set a litigation schedule for the remaining steps in the action, including, but not limited to, the exchange of pleadings and documentary productions, examinations for discovery, the exchange of expert reports, and mediation. The Plaintiff may ask from time to time that the litigation schedule be amended.

11. Assuming a Statement of Defence was not ordered or delivered prior to certification, the Plaintiff will ask the Court to order the Defendant to deliver its Statement of Defence no later than thirty (30) days following the date on which the Court certifies the action as a class proceeding.

12. The Plaintiff will participate in mediation before a mutually-acceptable mediator if the Defendant is prepared to do so.

TRIAL OF THE COMMON ISSUES

13. The Plaintiff will ask the Court to hold a trial of the common issues as soon as practicable after the completion of examinations for discovery (including undertakings and refusals motions, if any) and the exchange of expert reports.

14. Prior to trial, the Plaintiff may ask the Court for an order clarifying and/or redefining the common issues.

NOTICE OF RESOLUTION OF THE COMMON ISSUES

15. If the common issues, or some of them, are resolved in favour of the Plaintiff, the Court will be asked to:

    a) settle the form and content of the notice of resolution of the common issues;

    b) order that the notice of resolution of the common issues be distributed to those members of the Class who did not validly opt out;

    c) prescribe the information required from members of the Class in order to make a claim; and

    d) set a date by which each Class Member will be required to file her/his/its claim.

16. The Plaintiff proposes that the notice of resolution advise members of the Class of the following, among other things:

    a) that the Plaintiff was successful on the common issues, or some of them;

    b) that no Class Member will be entitled to any compensation unless she/he/it files a claim in a prescribed manner by a fixed date;

    c) of the procedure to file a claim;

    d) of the method of damages calculation;

e) that each Class Member will have the opportunity to review and, if necessary, provide information to correct the calculation of her/his/its damages by accessing her/his/its particulars through the secure portion of the Website; and

f) that if the Class Member did not previously opt out, her/his/its rights against the Defendant in relation to the matters in question will be deemed to have been finally adjudicated whether she/he/it submits a claim or not.

17. The Plaintiff will ask the Court to order that the notice of resolution of the common issues be distributed substantially in accordance with the procedure set out in paragraph 8 above. This notice, to the extent possible, should be sent directly to each Class Member.

CLAIMS PROCESS

Distributing an Aggregate Award of Damages

18. If the Court awards aggregate damages at the common issues trial, the Plaintiff will ask the Court to order that the aggregate award be divided among individual members of the Class on a claims-made basis using a summary claims procedure, pursuant to sections 24(4)-(7) of the *Class Proceedings Act*, *1992*, S.O. 1992, c. 6 (the "***CPA***").

19. The Plaintiff will ask that the summary claims procedure include the following:

a) an administrator, with such rights, powers and duties as the Court directs, to receive and evaluate claims in accordance with the procedure approved by the Court (the "**Administrator**");

b) a claims bar date (the "**Summary Claims Deadline**") by which members of the Class will be required to file their claims and evidence with the Administrator; and

c) a dispute mechanism to finally determine any disputes with respect to the

Administrator's decisions regarding the eligibility and/or value of claims, as may be required.

20. Class Counsel will consider and discuss with the Court-Appointed Receiver of Crystal Wealth Management System Limited, Grant Thornton LLP, whether it can fulfil the role of Administrator.

21. In order to facilitate and simply the claims process, the Plaintiff proposes that the Administrator use, wherever practical:

a) a paperless, electronic, state-of-the-art web-based system which will include a secure database that is incorporated into the Website ("**Database**");

b) standardized claims forms and filing procedures; and

c) summary methods of introducing documentary evidence.

22. In order to file a claim, a person must, on or before the Summary Claims Deadline:

a) register on the Database, or by mail or by fax, with the Administrator; and

b) submit such documentation to the Administrator as required by the Court in support of the claim.

23. The types of records which shall constitute sufficient proof of a claim shall be specified in a protocol to be approved by the Court and may include account statements or other evidence confirming investment with Crystal Wealth.

24. The name, address and amount claimed by each Class Member who files a claim with the Administrator before the Summary Claims Deadline shall be added to the Database and provided with an identification name and a password by the Administrator to permit the person access to her/his/its claims information in the Database.

25. Any Class Member who does not file a claim with the Administrator before the Summary Claims Deadline will not be eligible to participate in the damages

assessment procedure and will not be entitled to recover any damages without leave of the Court.

26. The Plaintiff will ask the Court to direct that once the claims of members of the Class have been processed, the Administrator report to the Court for authorization to distribute that portion of the aggregate award required to satisfy the approved claims in a manner that the Court deems appropriate, in accordance with sections 26(1)-(2) of the *CPA.*

27. The Plaintiff will also ask the Court to order, pursuant to sections 26(4)-(6) of the *CPA*, that any portion of the aggregate award that is not distributed to the Class on account of claims made be distributed *cy près* for the benefit of the Class to recipients approved by the Court.

28. After the Administrator makes its final distribution, it shall report to the Court and be discharged as the Administrator.

Determining Individual Damages

29. If the Court determines that an aggregate assessment of damages is not viable or appropriate, the Plaintiff will ask the Court to implement and oversee a summary reference procedure, pursuant to section 25 of the *CPA.*

30. The Plaintiff will ask that the summary reference procedure include the following:

a) a referee, with such rights, powers and duties as the Court directs, to receive and evaluate claims (including submissions and evidence) in accordance with the procedure approved by the Court (the "**Referee**");

b) a claims bar date (the "**Summary Reference Deadline**") by which members of the Class will be required to file their submissions and evidence with the Referee; and

c) a dispute mechanism to finally determine any dispute with respect to the Referee's decisions regarding the eligibility and/or the value of claims, as may be required.

31. Any Class Member who does not file a claim with the Referee before the Summary Reference Deadline will not be eligible to recover any damages without leave of the Court.

32. The types of evidence required for determination of individual claims and the procedure to be followed shall be specified in a protocol to be approved by the Court, in accordance with sections 25(2) and (3) of the *CPA*.

Small Claims (Under $25,000)

33. Members of the Class with claims of less than $25,000 requiring individual determination shall proceed in writing. The claimant will be required to file affidavit evidence setting out her/his/its evidence. The Defendant may cross-examine the affiant on her/his/its affidavit by written interrogatories, in accordance with rule 35 of the *Rules of Civil Procedure*, should it wish to challenge the evidence. The Referee will then make a decision with respect to the Class Member's claim on the basis of the affidavit and the answers to the written interrogatories.

Simplified Claims ($25,000-$100,000)

34. Members of the Class with claims worth between $25,000 and $100,000 requiring individual determination shall proceed by analogy with the simplified procedure set out in rule 76 of the *Rules of Civil Procedure*. The claimant will be required to file:

a) an affidavit of documents prepared in accordance with rule 76.03; and

b) affidavit evidence relating to the individual issues remaining to be proven.

35. The Referee may make her or his decision with respect to the claim on the basis of the record, or may, in her or his discretion, conduct a summary trial of the claim in accordance with rule 76.12 of the *Rules of Civil Procedure.*

Full Claims (Over $100,000)

36. The determination of claims worth over $100,000 requiring individual determination

shall require members of the Class to:

a) serve on the Defendant an affidavit of documents prepared in accordance with rule 30.03 of the *Rules of Civil Procedure*; and

b) attend for an oral examination for discovery in accordance with rule 34 or provide answers to written interrogatories in accordance with rule 35 of the *Rules of Civil Procedure*, as the Defendant may elect.

37. The Referee may, in her or his discretion, make a decision on the individual issues based on the documentary and discovery evidence, or conduct a trial of such claims.

ORDERS RELATING TO CLASS COUNSEL'S FEES AND THE COSTS OF ADMINISTRATION

38. After the trial of the common issues, the Plaintiff will ask the Court to approve an agreement respecting fees and disbursements with Class Counsel. To the extent that the approved Class Counsel's fees, disbursements and HST are not completely paid by the costs recovered from the Defendant, the unpaid balance shall be a first charge on the total recovery and paid before any distribution to the Class.

39. The Plaintiff will ask the Court to order that the Defendant pay all administration costs, including the costs of all notices associated with the process, and the fees and disbursements of the Administrator or Referee, as these costs are incurred. Absent that Court order, the Plaintiff will seek an order that these costs be paid out of the total recovery after payment of Class Counsel's fees and disbursements and before any distribution to the Class.

FURTHER ORDERS CONCERNING THIS PLAN

40. This Plan may be amended from time to time by directions given at case conferences or by further order of the Court.

EFFECT OF THIS PLAN

41. This Plan shall be binding on all members of the Class who do not opt out in accordance with the procedure directed by the Court, whether or not they make a claim under the Plan.

ANTHONY WHITEHOUSE -and- **BDO CANADA LLP** Court File No. CV-17-579357-00CP
Plaintiff Defendant

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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Lawyers for the Plaintiff
Anthony Whitehouse

Court File No. CV 17 579357 00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

(Court Seal)

ANTHONY WHITEHOUSE

Plaintiff

- and -

BDO CANADA LLP

Defendant

Proceeding under the *Class Proceeding Act, 1992*

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date	July 20, 2017	Issued by	Local Registrar
		Address of court office:	Superior Court of Justice 330 University Avenue, 7th Floor Toronto ON M5G 1R7

TO: BDO Canada LLP
36 Toronto Street
No. 600
Toronto ON M5C 2C5

CLAIM

1. The Plaintiff claims:

(a) an order certifying this proceeding as a class proceeding and appointing Anthony Whitehouse ("**Tony**") as representative Plaintiff on his own behalf and on behalf of a class (the "**Class**") consisting of each and every person who:

(i) became a client of Crystal Wealth Management System Ltd. ("**Crystal Wealth**") at any time from the inception of Crystal Wealth's operations through to April 7, 2017 (the "**Class Period**") and who was a client of Crystal Wealth on April 7, 2017, including, without limitation, those persons who filed claims in the receivership of Crystal Wealth, but excluding the Excluded Persons;

(ii) for purposes hereof, "**Excluded Persons**" means:

(1) any client of Crystal Wealth who did not invest in any of the Funds, as defined in paragraph 4 below, during the Class Period;

(2) the Defendant, BDO Canada LLP ("**BDO**");

(3) any partner or employee of BDO, and any member of the immediate family of any such partner or employee;

(4) any person who served as an officer or director of Crystal Wealth at any time, and any member of the immediate family of any such officer or director;

(5) any person who acted as a Crystal Wealth investment advisor;

(6) Media House Capital (Canada) Corp. ("**MHC**");

(7) Bron Capital Partners Corp., Bron Studios Inc., Bron Animation Inc., Bron Media Corp., and Bron Developments Inc. (collectively, the "**Bron Companies**");

(8) Aaron Gilbert ("**Gilbert**");

(9) Stephen Thibault ("**Thibault**");

(10) Chrysalis Yoga Inc. ("**Chrysalis Yoga**");

(11) any other beneficial shareholders of Crystal Wealth, and members of their immediate families;

(12) any entity in respect of which any of the persons identified in (1) to (11) above has a direct or indirect controlling interest;

(13) any person who ultimately controls an entity that is an Excluded Person; and

(14) the legal representatives, heirs, successors and assignees of any Excluded Person.

(b) a declaration that all of the audit opinions delivered by BDO with respect to the financial reporting of Crystal Wealth and all attestations delivered by BDO with respect to Crystal Wealth's Financial Statements (and Fund Statements) were given for the purpose of allowing Crystal Wealth to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager registered in Ontario pursuant to the *Securities Act* and Regulations and with the expectation and knowledge that the Ontario Securities Commission (the "**OSC**") would rely on BDO's opinion and the BDO Representations (as defined below) as the basis for: (i) OSC registration renewals; and (ii) continued, additional or new investment by members of the Class;

(c) a declaration that BDO owed a duty of care to the Class;

(d) a declaration that BDO breached the duty of care it owed to the Class by negligently performing its professional services and that such negligence caused the Class to suffer the damages claimed and described herein;

(e) damages for negligence in the sum of $150,000,000 or such further sum as this Honourable Court may find appropriate;

(f) punitive damages of $25,000,000;

(g) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, s. 128;

(h) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, s. 129;

(i) costs of this action on a substantial indemnity basis, including any applicable taxes; and

(j) such further and other relief this Honourable Court may deem just.

<u>Background</u>

The Parties and the Crystal Wealth Funds

2. The proposed Representative Plaintiff, Tony, is an individual residing in Mississauga, Ontario. Tony is 55 years old and is semi-retired. Tony invested his life savings in a number of mutual funds marketed and managed by Crystal Wealth and Clayton Smith ("**Smith**"). Tony's total investment was approximately $1 million.

3. Tony invested in the following 5 Crystal Wealth funds:

(a) Crystal Wealth Mortgage Strategy;

(b) Crystal Wealth High Yield Mortgage Strategy;

(c) Crystal Wealth Infrastructure Strategy;

(d) Crystal Wealth Media Strategy; and

(e) Crystal Wealth Medical Strategy.

4. Crystal Wealth is an Ontario corporation based in Burlington and is registered with the OSC as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager. Crystal Wealth operated 15 proprietary investment funds. Of these, the following 10 mutual funds were audited by the defendant, BDO:

(a) Crystal Wealth Mortgage Strategy;

(b) Crystal Enlightened Resource and Precious Metals Fund;

(c) Crystal Wealth Enlightened Factoring Strategy;

(d) Crystal Wealth Medical Strategy;

(e) Crystal Enlightened Bullion Fund;

(f) Crystal Wealth Media Strategy (the "**Media Fund**");

(g) Crystal Wealth High Yield Mortgage Strategy;

(h) ACM Income Fund;

(i) ACM Growth Fund; and

(j) Crystal Wealth Retirement One Fund (collectively the "**Funds**").

5. The Funds were structured as open-ended mutual fund trusts that were distributed to investors on an exempt basis, pursuant to Offering Memorandums. Crystal Wealth was the Investment Fund Manager of the Funds.

6. Generally, the Funds contained one or more of the following types of investments:

(a) cash and money market securities held with National Bank Correspondent Network ("**NBCN**") and Interactive Brokers Canada Inc.;

(b) investments where the underlying security is held and recorded by NBCN; and

(c) investments neither held nor recorded by NBCN but rather administered by Crystal Wealth or a third party ("**Off Book Assets**").

7. The Defendant, BDO, audited each of the Funds. Each year, the Funds released financial statements (collectively, the "**Financial Statements**") and audit reports (from BDO) representing that the financial statements presented fairly, in all material respects, the financial position of each Fund and that their financial performance and cash flows were in accordance with Generally Accepted Accounting Procedures ("**GAAP**") or International Financial Reporting Standards ("**IFRS**") as applicable.

8. Tony read the Financial Statements and the accompanying audit reports. He used the Financial Statements and audit reports to fairly value his investments, assess the performance of the Funds, and make decisions about investment in the Funds.

The OSC Freezes the Funds

9. On April 7, 2017, the OSC issued an order against Smith, Crystal Wealth, the Funds and certain other persons ("**The Temporary Order**"), which prohibited all trading including redemptions, distributions, and acquisitions of securities in the Funds. In short, the Temporary Order froze the Funds and their assets.

10. Subsequently, pursuant to an Order of the Ontario Superior Court issued April 26, 2017, Grant Thornton LLP ("**Grant Thornton**") was appointed receiver of all of the assets, undertakings and properties of Crystal Wealth and the Funds (the "**Appointment Order**"). Pursuant to the Appointment Order and as of the date of this claim, monies held in the Funds cannot be traded or redeemed by investors, including Tony.

11. These two orders resulted from an ongoing investigation by OSC Staff into breaches of securities laws by Crystal Wealth and Smith. The investigation focused in particular on improper activities associated with the Media Fund.

12. As described further below, the OSC investigation has revealed that Crystal Wealth, Smith, and others were involved in a scheme by which monies were improperly diverted from the Media Fund to enrich Smith, Crystal Wealth, and others.

13. As described further, below, Grant Thornton's investigation, subsequent to its appointment as receiver, indicates that Crystal Wealth's record-keeping is seriously deficient such that it is not even possible to identify Crystal Wealth's assets, liabilities or creditors from existing documentation.

The Media Fund Scheme

14. The Media Fund was purportedly the largest of the Funds – it supposedly had the most assets under management.

15. In the Offering Memorandum and the Strategy Overview of the Media Fund, Smith and Crystal Wealth represented to Tony (and the other investors in the Funds) that the Media Fund functioned as follows:

(a) MHC would enter into a loan agreement with a film production company;

(b) MHC would then sell that loan to the Media Fund;

(c) The Media Fund then owned the loan and recorded it as an asset in its financial reporting.

16. The profitability of the Media Fund was driven in large part by the validity and collectability of the loans. If the loans were either invalid or uncollectable, the Fund would lose money and would have to write-down its assets and net asset value ("**NAV**").

17. Crystal Wealth and Smith held out MHC to investors as being (i) independent from Crystal Wealth and (ii) in the business of making loans to film production companies with a portfolio of existing loans that Crystal Wealth could purchase.

18. In reality, none of this was true. MHC did not have a stable of loans to production companies. It would only enter into loans with production companies when the Media Fund had already agreed to purchase those loans. Accordingly, the loan transactions were simultaneous – MHC would enter the loan with the production company and simultaneously sell the loan to the Media Fund.

19. At times, MHC played no role at all and the Media Fund made loans directly to the production companies (contrary to the process described above and in the Media Fund's financial disclosures).

20. MHC was paid a fee, which initially was 10% of the loan amount. Over time, MHC began to remit part of this fee back to Smith and Crystal Wealth. It kept 7% of the loan amount and remitted 3% back to Smith and/or Crystal Wealth.

21. Gilbert, Thibault and Smith together directed this flow of funds.

Gilbert and Thibault were both the Borrower and the Lender

22. The Media Fund purchased loans from MHC pursuant to a Production Loan Administration Agreement effective August 12, 2011. The Media Fund purchased approximately 24 loans from MHC.

23. Smith primarily dealt with two individuals at MHC, Gilbert and Thibault, with respect to the Media Fund.

24. In addition to having an executive role at MHC, Gilbert is the president and a director of Bron Studios and is a director of Bron Animation – two film production companies. He is also listed as the producer or executive producer of the majority of film productions for which the Media Fund purchased loans and he benefited from those loans.

25. This means that when MHC was making loans to these film production companies, Gilbert was representing both the borrower (acting on behalf of the film production company) and the lender (acting on behalf of MHC). This relationship and obvious conflict of interest was not disclosed to investors but should have been apparent to BDO.

26. Thibault is an employee of MHC, former VP-finance of MHC, and is an Executive Vice President of Bron Media. Given his roles, Thibault was also representing both the borrower and the lender in connection with loans to film production companies. Again, this conflict of interest was not disclosed to investors but should have been apparent to BDO.

27. Many of the films produced by the Bron Companies were commercial failures with no prospect of generating enough revenue to repay the loans.

28. The validity and collectability of the loans was critical to the Media Fund's performance. To the extent that the loans were invalid, illegitimate, fabricated or uncollectable, the Media Fund's assets would need to be written down. This would affect the NAV of the Media Fund and the pricing of its units. It would also affect the NAV of the other Funds, because there was significant inter-fund investment in the Media Fund.

29. Accordingly, in the course of its audits of the Media Fund, BDO should have assessed their legitimacy and collectability.

30. In reality, the loans to the Bron Companies were worthless and uncollectable. Gilbert, Thibault and Smith misappropriated the majority of the loan proceeds.

Self-Dealing and Misappropriation of Investors' Money

31. Smith misappropriated money from the Media Fund with the assistance of MHC, the Bron Companies, Thibault and Gilbert.

32. He also received undisclosed fees from MHC, Thibault and Gilbert (3% of any loans as described above).

33. He also received significant payments (in excess of $1 million) from the Bron Companies.

34. At least $9,634,200 from the fund was improperly diverted into and through the accounts of MHC and the Bron Companies and into bank accounts held by Smith or by companies he controlled.

35. Smith used the misappropriated money for his own purposes. Some of it was used to buy a multi-million dollar luxury home near Toronto. Other investor money was used by Smith and his then-girlfriend to found and fund a yoga studio, Chrysalis Yoga.

36. Thibault, Gilbert, MHC, and the Bron Companies also received investor funds.

37. As the scheme began to unravel (when it became more and more apparent that the loans would not be repaid), Smith began to use funds from new investors to satisfy redemption requests from older investors. In short, he began running a Ponzi scheme. He did this to attempt to lure new investors to the Funds (or in the hopes of keeping existing investors from withdrawing their money), so that he and the Defendants could continue to misappropriate investor funds.

38. BDO turned a blind eye to all of this.

39. Subsequent to the receivership, Grant Thornton has been unable to obtain enough information to fully understand and support the value of the loans underlying the Media Fund. The documents simply do not exist.

Problems not Limited to the Media Fund.

40. The Media Fund Scheme described above impacted each and every other Fund due to the significant amount of inter-fund investment amongst the Crystal Wealth Funds. In fact, the Media Fund was the single largest recipient of inter-fund investment by the other Funds. Many of those inter-fund investments were made to create liquidity in the Media Fund to, among other things, fund redemptions by investors. As a result, the inaccurate valuation of the Media Fund rendered inaccurate the value of every other Fund.

41. The assets of each of the Funds were materially overstated during the Class Period. In particular, to the extent that a Fund held Off-Book Assets, the value of those assets was overstated in Crystal Wealth's financial reporting.

42. Moreover, many assets are simply non-existent. Though the Crystal Wealth Funds purportedly had assets under management ("**AUM**") of $177 million as at January 1, 2017, OSC staff could only find $49 million worth of cash and investments, $22 million of which were inter-fund investments in other Crystal Wealth Funds.

43. Grant Thornton has also concluded in its review of Crystal Wealth's records that the documentation supporting the purported value of the funds is seriously deficient, particularly with respect to the Off-Book Assets.

44. Indeed, Grant Thornton has been unable to identify all of the creditors of Crystal Wealth or the Funds from existing documentation.

The Claim

45. BDO was engaged by Crystal Wealth to audit each of the Funds.

46. Crystal Wealth was required to file audited financial statements with the OSC pursuant to s. 21.10(3) of the *Securities Act*, National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (ss. 12.10, 12.14, 12.3 and 12.14), and National Instrument 81-106 – *Investment Fund Continuous Disclosure* (ss. 2.1 and 2.2).

47. Accordingly, BDO was conducting its audits for two purposes: (i) to ensure that Crystal Wealth complied with Ontario's securities laws such that it could continue to offer and redeem units in the Funds; and (ii) to allow investors in the Funds to assess the

performance of the Funds and fairly value and/or evaluate their investments and to make investment decisions.

48. BDO knew that the OSC would rely on its audits in making decisions about Crystal Wealth and its ability to offer securities to the public.

49. In addition, BDO knew that investors were relying on its audits in purchasing units in the Funds and making decisions in respect of their investments. Indeed, BDO specifically addressed each of its audit reports to the "Unitholders" of the particular fund that it was auditing. Accordingly, BDO intended that the Unitholders receive each audit report and rely on it in making investment decisions.

The Duty to the Class

50. BDO knew and intended for the Class to receive and rely on its audit reports. As part of its audits of the Funds, BDO had access to the individual names and number of units held by each investor of the Funds through the Funds Unit Holder Listing. BDO was aware of the exact amounts held by each investor and in which of the Funds each of the investors had invested.

51. At all material times BDO knew or ought to have known:

(a) the identities and contact information of Crystal Wealth's investors;

(b) that some or all of the Class Members knew that BDO was the auditor of the Funds;

(c) that its audits would be relied upon by Class Members;

(d) the holdings in some or all of the Class Members' accounts; and

(e) that the purpose of the its audits was, in part, to enable Crystal Wealth to receive and hold cash and securities owned by the Class Members.

52. At all material times, BDO owed a duty to the Class to:

(i) audit the financial statements of each Fund in accordance with generally accepted auditing standards ("**GAAS**");

(ii) ensure that the financial statements of each Fund presented fairly, in all material respects, the financial positon of the Fund and its financial performance and its cash flows for the year in question in accordance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**") as applicable;

(iii) issue audit reports on Crystal Wealth's financial statements for delivery to, *inter alia*, the OSC; and

(iv) identify any material misstatements in Crystal Wealth's financial reporting or material weaknesses in Crystal Wealth's internal controls.

53. To the extent that the Funds held Off-Book Assets or non-traditional/illiquid assets, a GAAS-compliant audit required BDO to obtain substantial evidence that the assets (i) actually existed and (ii) were fairly valued.

54. Furthermore, a GAAS-compliant audit required BDO to employ measures to obtain evidence and reasonable assurance that the loans in the Media Funds were (i) legitimate; (ii) enforceable; (iii) collectable; and (iv) did not constitute related party transactions.

55. Similarly, a GAAS-compliant audit required BDO to employ measures to obtain reasonable assurance that Smith was not misappropriating investor money from the Funds.

56. The Plaintiff pleads and relies upon the Ontario Business Corporations Act (the "**OBCA**") and, in particular, sections 149, 151, 152, 153, 155, 158 and 159. In addition the Plaintiff pleads and relies upon the regulations promulgated under the *OBCA* and, in particular, Regulation 62, sections 40, 41 and 42. The Plaintiff further pleads and relies upon sections 19, 21.10, 122 and 143 of the *Securities Act* and National Instruments 31-103 and 81-106.

57. BDO knew or ought to have known, the requirements of the *Securities Act* and the associated regulations and National Instruments applicable to the conduct of Crystal Wealth's business. BDO had an obligation conduct a competent and thorough audit in accordance with GAAS. BDO was required to report any material misstatements or omissions contained in any material filed with the OSC.

BDO Breaches Its Duty to the Class

58. Contrary to its duties, BDO did not conduct its audits of the Funds in accordance with GAAS and/or GAAP/IFRS.

59. Among other things:

(a) BDO did not obtain reasonable assurance about whether the financial statements were free from material misstatement, as it was required to do;

(b) BDO did not obtain appropriate and sufficient evidence that the assets of the Funds actually existed and were fairly valued;

(c) BDO did not conduct a sufficient review of the underlying documentation associated with the assets of the Funds;

(d) BDO's audit of the Media fund lacks support for at least $4.5 million in reported value;

(e) BDO did not appropriately account for the value (or lack thereof) of the Off-Book Assets;

(f) BDO relied on emails from MHC to confirm the value and collectability of the loans in the Media Fund, rather than independently confirming same through its own review;

(g) BDO failed to discover that there was insufficient documentation to support the value of the Media Fund;

(h) BDO failed to identify Crystal Wealth's poor record-keeping and internal controls; and

(i) BDO did not identify that the Funds were significantly over-valued.

60. As a result of its negligent audit of Crystal Wealth and the Funds, BDO did not discover:

(a) that Crystal Wealth's financial record-keeping was deficient and potentially inaccurate;

(b) that the governance and management of the Funds, especially with respect to Off-Book Assets, was contrary to Ontario's securities laws and in breach of Crystal Wealth's fiduciary duties to the Class;

(c) that there were little or no internal tracking mechanisms in place at Crystal Wealth with respect to Off-Book Assets in the Funds;

(d) there was little to no evidence to support the existence and value of the Off-Book Assets;

(e) that the Net Asset Value of the Funds was materially overstated;

(f) that the underlying loan assets in the Media Fund had little or no value;

(g) that the loans in the Media Fund were transacted with related parties;

(h) that the Funds and Crystal Wealth were undercapitalized or insolvent; and

(i) that Smith and others were improperly diverting investors' money to themselves.

61. BDO knew or ought to have known the facts alleged above. BDO owed the Class a continuing duty of care to diligently investigate, uncover, and disclose any misstatements or omissions in the Funds' financial statements and in any material filed with the OSC.

62. At all material times BDO knew or ought to have known that the Class would suffer damage if BDO breached any of the duties it owed to the class.

63. Members of the class would not have invested in the Funds if they had known that ;

(a) that Crystal Wealth's financial record-keeping was deficient and potentially inaccurate;

(b) that the governance and management of the Funds, especially with respect to Off-Book Assets, was contrary to Ontario's securities laws and in breach of Crystal Wealth's fiduciary duties to the Class;

(c) that there were little or no internal tracking mechanisms in place at Crystal Wealth with respect to Off-Book Assets in the Funds;

(d) that there was little or no evidence to support the existence and value of the Off-Book Assets;

(e) that the loans in the Media Fund were transacted between related parties;

(f) that the Net Asset Value of the Funds was materially overstated;

(g) that the underlying loan assets in the Media Fund had little or no value;

(h) that the Funds and Crystal Wealth were undercapitalized or insolvent; and

(i) that Smith and others were improperly diverting investors' money to themselves.

64. BDO repeatedly represented to Crystal Wealth, Class Members, and to the OSC that:

(a) The audit evidence obtained by BDO with regard to each of the Funds was sufficient and appropriate to provide a basis for BDO's audit opinion;

(b) The financial statements of each Fund were free from material misstatement;

(c) The financial statements of the Funds presented fairly, in all material respects, the financial position of each Fund and each Fund's financial performance in accordance with IFRS or GAAP, as applicable; and

(d) That BDO's audit was conducted in accordance with GAAS.

65. More particularly, BDO filed a series of audit reports with the OSC between April 1, 2007 and December 31, 2015 that contained the representations set out above. These audit reports were addressed to the unit-holders of each of the Funds.

66. The representations set out in paragraph 61 above were untrue, and were made in breach of BDO's duty to the Class. The Class members relied on these representations to their detriment in investing in each Fund.

Negligence

67. As outlined above, the Class alleges that:

(a) BDO owed a duty of care to the Class in connection with the preparation of the Audit Reports;

(b) BDO was retained in whole or in part for the specific purpose of preparing the Audit reports such that Crystal Wealth could operate and continue to operate;

(c) BDO knew or ought to have known that the purpose, or at a minimum one of the core purposes, of the Audit reports was to protect the interests of the Class Members;

(d) BDO did not prepare the Audit Reports in accordance with GAAS and/or IFRS and the standard of care that it owed to Class Members;

(e) BDO did not conduct GAAS-compliant audits of the Funds

(f) but for BDO's failure to properly prepare the Audit Reports the Class would not have invested with Crystal Wealth or would have ceased to do business with Crystal Wealth;

(g) BDO knew:

(i) that Crystal Wealth had clients;

(ii) the identify of some or all of Crystal Wealth's clients;

(iii) the number or approximate number of Crystal Wealth's clients;

(iv) that Crystal Wealth's ability to operate was dependant, in whole or in part, on the preparation of accurate Audit Reports; and

(v) that the Audit Reports were prepared, in whole or in part, to allow Crystal Wealth to operate and to take funds from the Class; and

68. Accordingly, the Class claims that BDO negligently performed its professional duties.

Damages

69. The Plaintiff states that if the BDO had complied with the duties it owed to the Class to investigate, detect, and report any Deficiencies as well as material misstatements and omissions in the Audit Reports, Crystal Wealth would not have been able to renew its registrations, thereby:

(i) minimizing and/or avoiding further losses on the part of the existing Crystal Wealth clients including Tony and other similarly situated members of the Class; and/or

(ii) Preventing Crystal Wealth from incurring increased liability to the Class.

70. The Plaintiff states that, if BDO had complied with its duties, BDO or the OSC would have discovered the Media Fund Scheme and the misappropriation of investor funds sooner than they did. If these improprieties had been discovered earlier, losses to investors would have been reduced or avoided.

71. The Plaintiff states that if BDO had complied with its duties, the Class Members would have:

(i) minimized or reduced their own losses by altering their investment profile, including by redeeming their investments; and/or

(ii) would not have invested or made further investments in the Funds.

72. The Plaintiff proposes that this action be tried at Toronto.

July 20, 2017

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TONY WHITEHOUSE and **BDO CANADA LLP**
Plaintiff Defendant

Court File No.
CV 17 579357 00CP

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

STATEMENT OF CLAIM

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Lawyers for the Plaintiff
Tony Whitehouse

Court File No. CV-17-579357-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

ANTHONY WHITEHOUSE

Plaintiff

and

BDO CANADA LLP

Defendant

AFFIDAVIT

I, Anthony Whitehouse, of the City of Mississauga, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the proposed Representative Plaintiff in this proceeding, and, as such, have knowledge of the matters contained in this affidavit. Where my knowledge is based on information and belief, I have stated the source of such knowledge and verily believe it to be true.

Background

2. I am 56 years old and reside in Mississauga, Ontario.

3. For most of my career, from about 1978 to 2013, I worked in the retail industry. During that time, I held various in-store and corporate office positions.

4. In 2013, I decided to incorporate my own company and become a retail consultant. I worked as a retail consultant for a few years, during which time I was effectively semi-retired.

5. For the last year or so, I have returned to work on a full-time basis as a real estate sales representative.

My Investments with Crystal Wealth

6. My decision to invest with Crystal Wealth Management System Ltd. ("**Crystal Wealth**") goes back to the 2008 financial crisis, when I suffered losses in the equity market. This prompted me to become more risk-averse and to search for safer investment opportunities for my savings.

7. My investment goal was to achieve modest returns while minimizing downside risk, and in particular the risks associated with the equity market.

8. In the course of doing research on investment opportunities with little to no downside risk, I learned about Crystal Wealth and its sole director and officer, Clayton Smith ("**Smith**").

9. Crystal Wealth marketed itself as a discretionary portfolio management firm that specialized in "creating and managing alternative investment strategies that are outside of traditional stock and bond portfolios." Attached hereto as **Exhibit "A"** is a copy of Crystal Wealth's "About Us" webpage.

10. I understand that from about April 2007 to April 2017, Crystal Wealth created, marketed and managed the following 15 proprietary investment funds (individually, a "**Fund**", and collectively, the "**Funds**"):

(a) Crystal Wealth Mortgage Strategy (the "**Mortgage Fund**");

(b) Crystal Wealth High Yield Mortgage Strategy (the "**High Yield Mortgage Fund**");

(c) Crystal Wealth Infrastructure Strategy (the "**Infrastructure Fund**");

(d) Crystal Wealth Media Strategy (the "**Media Fund**");

(e) Crystal Wealth Medical Strategy (the "**Medical Fund**");

(f) Crystal Wealth Enlightened Factoring Strategy (the "**Factoring Fund**");

(g) Crystal Enlightened Resource and Precious Metals Fund;

(h) Crystal Enlightened Bullion Fund;

(i) Crystal Wealth Enlightened Hedge Fund (the "**Hedge Fund**");

(j) Crystal Wealth Conscious Capital Strategy;

(k) ACM Income Fund;

(l) ACM Growth Fund;

(m) Absolute Sustainable Dividend Fund;

(n) Absolute Sustainable Property Fund; and

(o) Crystal Wealth Retirement One Fund.

11. In or around April 2016, I invested in the following four Funds:

(a) The Mortgage Fund;

(b) The High Yield Mortgage Fund;

(c) The Media Fund; and

(d) The Medical Fund.

12. Shortly thereafter, in May 2016, Crystal Wealth launched the Infrastructure Fund and I invested in that Fund as well.

13. Over the course of the following nine months or so, I invested my life savings, totalling almost $1 million, in these five Funds. Attached hereto as **Exhibit "B"** is a copy of my National Bank Investment Portfolio Statement as of June 30, 2017, showing my approximate total investments in the Funds.

BDO's Audits of the Funds

14. Prior to investing with Crystal Wealth, I followed the performance of the Funds that existed at that time for about a year and a half. My research showed that Crystal Wealth had good ratings from Morningstar and The Globe and Mail. I also met and spoke with Smith, who assured me that Crystal Wealth offered certain Funds that could satisfy my investment objective of achieving modest returns with little to no downside risk.

15. Prior to investing, I also read the offering memoranda and the audited financial statements for the Funds that existed at the time and that appeared to me to satisfy my investment criteria.

16. Each year, Crystal Wealth posted the Funds' audited financial statements, which included independent auditor reports from BDO, on their website.

17. BDO's independent audit reports were addressed to the unitholders of each respective Fund. In the reports, BDO represented that the financial statements of the Fund in question presented fairly, in all material respects, the financial position of that Fund as at year-end and that

its financial performance and cash flows were in accordance with Generally Accepted Accounting Procedures or International Financial Reporting Standards, as applicable. Attached as **Exhibit "C"** are copies of the audited financial statements for the Mortgage Fund, the High Yield Mortgage Fund, the Media Fund, the Medical Fund, the Factoring Fund, the Crystal Enlightened Resource and Precious Metals Fund, the Crystal Enlightened Bullion Fund, the ACM Income Fund, and the ACM Growth Fund for the year ended December 31, 2015.

18. I reviewed the 2013 to 2015 audited financial statements, as they became available, for certain of the Funds. I used the audited financial statements that were available to assess the performance of the Funds and make decisions about my investments.

19. Because some of the Funds launched in 2016, and due to the appointment of the Receiver as defined and described below, audited financial statements for certain of the Funds never became available. For example, the Infrastructure Fund launched in May 2016 and I invested in it without having seen audited financial statements.

20. Nevertheless, I was aware at the time I made my investments that BDO was the auditor of the Funds, and my decision to invest in the Infrastructure Fund was made in part because of the apparent performance and integrity of the other Funds as confirmed by their audited financial statements and BDO's audit reports.

The Receiver Is Appointed Over Crystal Wealth and the Funds

21. On April 7, 2017, the Ontario Securities Commission ("**OSC**") issued a temporary order that prohibited (with limited exceptions): (i) the trading of the Funds' units; (ii) the trading in securities held by the Funds, as well as the acquisition of securities by Crystal Wealth on behalf of

the Funds; and (iii) the trading in or acquisition of any securities or derivatives by Smith and certain other entities.

22. The OSC's temporary order has been extended on a number of occasions.

23. On April 26, 2017, Grant Thornton LLP (the "**Receiver**") was appointed receiver over all of the assets, undertakings and properties of Crystal Wealth, Smith, and the Funds, among others.

24. As a result of these orders, Crystal Wealth investors such as myself cannot redeem our units in the Funds.

25. I have read the Receiver's Reports to date. I understand from reading these Reports that the Receiver's appointment was based on the OSC's concerns regarding, among other things, the Media Fund. However, it is my further understanding that during the course of its investigation into Crystal Wealth, the Receiver has identified serious concerns concerning the Funds, their underlying investments, and the conduct of associated parties and companies, which extend beyond simply the Media Fund.

<u>The Receiver's Concerns and Deficiencies in BDO's Audits</u>

26. From reading the Receiver's Reports, I understand the following:

(a) The Receiver has serious concerns about the conduct of parties associated with the Funds and about the underlying investments;

(b) There was a lack of segregation of duties in performing the day-to-day operations and governance of Crystal Wealth, which resulted in the company not having an effective organizational structure to ensure proper oversight and governance of the Funds and possibly compliance with Ontario securities laws;

(c) Some of the purported investments of the Funds had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in their offering memoranda, and/or lacked the security that was to be provided by third parties in favour of the Funds;

(d) The Receiver is concerned with the relationships between Smith, Al Housego (a Crystal Wealth investment advisor and the former Lead Portfolio Strategist for some of the Funds), administrators of certain investments in the Funds, and the principals of companies to which certain Funds advanced money, purportedly as investments;

(e) Certain of the Funds' exposure was concentrated within only a few companies, which received substantial amounts of money from the Funds;

(f) The Receiver is concerned about the ultimate use of and lack of accountability for investors' money once investments were made by Crystal Wealth, Smith, and/or Housego on behalf of the Funds;

(g) Significant inter-Fund investments were made, and may have been used to falsely create liquidity to meet investor distributions and redemptions, when the Funds had no sources of income or cash flow;

(h) Crystal Wealth disclosed false or manipulated net asset values ("**NAVs**") of the Funds, causing the NAVs of certain Funds to be materially overstated;

(i) Accordingly, the quality of and ultimate collectability of investments held by certain of the Funds may be grossly impaired;

(j) The Receiver has significant concerns over the quality and ultimate collectability of at least $88.72 million of recorded value, or approximately 46% of the NAV of the Funds in the amount of $193,198,912, as provided by Smith on April 20, 2017;

(k) The Receiver also has concerns that there may be further potential impairment of approximately $27.91 million of recorded value;

(l) Crystal Wealth's record-keeping was so poor that it has not been possible to identify accurately Crystal Wealth's assets, liabilities or creditors from existing documentation; and

(m) It appears that little or no due diligence was performed on certain of the Funds' investments prior to their being made.

27. In addition, I have reviewed the Affidavit of Marcel Tillie, sworn April 17, 2017, prior to the appointment of the Receiver, in the context of the OSC's investigation into the activities of Crystal Wealth, Smith, and others.

28. In his Affidavit, Mr. Tillie describes certain deficiencies in respect of BDO's audit(s) of the Media Fund in particular.

29. For example, Mr. Tillie states at paragraphs 42 and 45 of his Affidavit that BDO relied on Media House Capital (Canada) Corp. ("**MHC**") for confirmation with respect to the existence and

collectability of film loans sold by MHC to the Media Fund, rather than obtaining confirmation from the underlying borrowers themselves, the film production companies.

30. Mr. Tillie also states at paragraph 44 that based on his review of the 2015 audit file for the Media Fund, approximately $4.5 million in NAV appears to have been unsupported by the audit conducted by BDO.

31. I understand from paragraph 57 of Mr. Tillie's Affidavit that if the NAV of the Media Fund was materially overstated, this would impact other Funds as well, due to the presence of inter-Fund investments in the Media Fund.

32. Similarly, at paragraph of 43 of its Second Report, the Receiver describes how a large majority of inter-Fund investments were in the Media Fund, Factoring Fund and Hedge Fund, all of which hold investments that are illiquid or significantly impaired, and/or that have been materially overstated. The Receiver concludes that as a result, the recorded values of the inter-Fund investments are significantly overstated as well, and the Funds invested in the Media Fund, Factoring Fund and Hedge Fund will receive back far less than what was invested.

33. Based on the above, my understanding is that I have lost a significant amount of the money that I invested in the Funds, and that other investors have similarly lost much of their investments as well.

34. To date, I have received $199,001.33 in distributions from the Receiver. This represents an approximate 80% impairment to the value of my portfolio as of April 2017. Attached as **Exhibit "D"** is a copy of my National Bank Investment Portfolio Statement as of February 28, 2018.

35. I am prepared to serve as the Representative Plaintiff in this matter on behalf of the proposed Class, as defined in the Statement of Claim.

36. I am advised by the Receiver, through counsel, that there were approximately 4,200 Crystal Wealth accounts open as of April 7, 2017. I am further advised that one investor may have multiple accounts. Accordingly, the number of members in the proposed Class is at most 4,200.

37. I have retained Adair Goldblatt Bieber LLP to prosecute this claim. I believe they have the requisite skill and expertise to do so.

38. There is no conflict that I am aware of that would limit my ability to serve as the Representative Plaintiff in this proceeding.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on June 15, 2018	
Commissioner for Taking Affidavits	**ANTHONY WHITEHOUSE**

This is Exhibit “A” referred to in the

Affidavit of Anthony Whitehouse sworn before me,

this 15th day of June, 2018

……………………………………………
A COMMISSIONER FOR TAKING AFFIDAVITS

About Us

Crystal Wealth is a discretionary portfolio management firm established in 1998. We are registered with the Canadian Securities Administrators as a portfolio manager, investment fund manager, commodity trading manager and exempt market dealer.

We specialize in creating and managing alternative investment strategies that are outside of traditional stock and bond portfolios. Our fiercely independent spirit allows us to look at things differently and uncover and develop investment ideas that are overlooked by others. We combine this creative force with a conservative and disciplined money management process to provide our investors with steady and reliable returns that are not correlated to the movements in general markets.

This is Exhibit “B” referred to in the

Affidavit of Anthony Whitehouse sworn before me,

this 15th day of June, 2018

……………………………………………
A COMMISSIONER FOR TAKING AFFIDAVITS

61063856

MR. ANTHONY WHITEHOUSE
46 OAKRIDGE DR
SCARBOROUGH ON M1M 2A4

Portfolio Statement Information

Client ID # 27QF78

Contact Information

This account is managed by:
Crystal Wealth Management System
192 Plains Rd. E.
Burlington, ON L7T 2C3

*Foreign Exchange Rates

Portfolio Summary and Portfolio Asset Allocation amounts are stated in Canadian dollars, according to the month-end conversion rate.

USD 1.00 = CAD 1.29830
CAD 1.00 = USD 0.77024

Inside This Statement

Portfolio Summary

	Last Period: April 30, 2017	This Period: June 30, 2017			
Account Type	**Total Cash & Investments ($)**	**Cash ($)**	**Investments ($)**	**Total Cash & Investments ($)**	**%**
CAD Cash	203,762.04	0.00	203,762.04	203,762.04	21.2
CAD RRSP	587,507.09	0.00	587,507.09	587,507.09	61.0
CAD LIRA	111,078.26	2.21	111,076.05	111,078.26	11.5
CAD TFSA	61,050.78	0.00	61,050.78	61,050.78	6.3
Total	**963,398.17**	**2.21**	**963,395.96**	**963,398.17**	**100.0**

Portfolio Asset Allocation

	Market Value ($)	%
Cash and Equivalents	2.21	N/A
High Yield Fixed Income	667,980.73	69.3
Cdn Short Term Fixed Income	295,415.23	30.7
Total	**963,398.17**	**100.0**

Additional Information

NBCN Inc. (NBCN) or its affiliates may provide the following services for your account(s) managed by your Advisor: trade and clear securities on such securities markets as directed solely by the Advisor, issue all tax receipts and required reports and provide custodial services for securities held. Your Advisor has agreed to provide the following services to you as a client such that NBCN will not be responsible for providing advice with respect to investing in securities in your accounts, nor providing a quarterly portfolio statement as required under the applicable Provincial Securities Act. NBCN offers no advice and gives no investment recommendations.

Please review your Investment Portfolio Statement. Any errors or unauthorized discretionary transactions should be reported in writing within 30 days to NBCN Compliance 130 King Street West Suite 3000, PO Box 21 Toronto, ON M5X 1J9.

We are required to disclose to Canada Revenue Agency all transactions involving the disposition of securities, even if no tax forms are produced for such dispositions. Please keep your statement as a reference for tax purposes.

Customers' accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request or at www.cipf.ca.

Copies of our Consolidated Financial Position as of our most recent financial year-end and a list of our directors and senior officers are available upon written request.

Any free credit balances represent funds payable on demand which, although properly recorded on our books, are not segregated and may be used in the conduct of our business. Cash balances in registered accounts are held in trust by the plan trustee Natcan Trust Company, a subsidiary of the National Bank of Canada.

National Bank Group Inc. an affiliate of NBCN, owns or controls an equity interest in TMX Group Limited in excess of 5% of the issued and outstanding equity securities thereof and has a nominee director serving on the board. In addition, NBCN is a subsidiary of the National Bank of Canada which is a lender to TMX Group Limited under its credit facilities. As such, NBCN may be considered to have an economic interest in TMX Group Limited.

Portfolio Summary

The amounts shown in this section are given in Canadian dollars.

The subsection on Asset Allocation indicates how the consolidated financial assets you hold with us are distributed across each of the basic asset classes. Any securities sold short or debit cash positions are excluded from this asset mix calculation.

Detailed Information per account

The Cash Flow Summary subsection presents changes in your cash balance during the period. Amounts are shown in the currency of the account in broader categories for current period and for the calendar year to date.

Interest rates on debit and credit balances are available upon request, please contact your Portfolio Manager.

Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

The Asset Details subsection provides a listing of the securities you hold in the account, by asset class.

The "Status" column provides information on how securities in your accounts are held. "SEG" (segregated) indicates fully paid securities which are segregated and held for you in nominee form. "SFK" (safekeeping) indicates fully paid securities, which are segregated and held registered in your name. "OWED" indicates securities you have sold but which have not yet been delivered to us, or securities that were sold short. "UNSG" (unsegregated) indicates securities being held as collateral for your margin loan, and are therefore not segregated.

The "Book Cost" column means (i) In the case of a long security position, the total amount paid for the security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate actions; or (ii) In the case of a short security position, the total amount received for the security, net of any transaction charges related to the sale, adjusted for any distributions (other than dividends), returns of capital and corporate actions.

We do not guarantee the accuracy of the book costs and market values since they may have been acquired from an external source. You accept responsibility for the accuracy of these values and their use for tax reporting purposes. Where no book cost or market value is available, N/A is displayed on your statement.
The Activity Details subsection presents, in chronological order, all transactions made during the period.

All dates of transactions are settlement dates.
Purchases and/or dispositions of securities resulting from transactions settled after month-end will be reflected in the following month's Portfolio Statement.

Footnotes

Following footnotes may be shown in the Asset Details section.

(1) Non determinable price: This indicates that the current market value for a particular security was not available at the time the statement was produced. For valuation purposes, a price of zero is applied. In the future, should the market value become available, it will be used, replacing this indicator.

(2) Book cost at market value: this indicates that information on the book value for a particular security is not available or incomplete and the current market value was used to estimate all or part of the book value.

(3) Deferred sales charge: This indicates that the security was purchased on a deferred sales charge (DSC) basis. Depending on the number of years it is held, charges may be applied by the issuer when the security is sold.

(4) Accrued interest: This indicates, whenever possible, that market values for fixed-income securities include accrued interest.

(5) Estimated value: This indicates, in the case of securities not listed on an exchange or traded infrequently, the value given is an estimate which does not necessarily reflect the actual market value.

Abbreviations

The following is a list of the main abbreviations that may appear on your statement to identify share classes.

Share classes

NVS	Non-voting shares
RS	Restricted shares
RTS	Rights
RVS	Restricted voting shares
SVS	Subordinate voting shares
WTS	Warrants

CAD Cash Account | 27QF78-A

Cash Flow Summary

Opening Cash Balance on May 1, 2017			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	(200,000.00)
Withdrawals or Deposits	0.00	0.00	0.00	200,000.00
Interest	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Closing Cash Balance on June 30, 2017			**0.00**	

Asset Details

0000S0219600203

	Symbol	Status	Quantity	Average Unit Cost ($)	Book Cost ($)	Market Price ($)	Market Value ($)	% of Portfolio
High Yield Fixed Income								
CRYSTAL WEALTH INFRASTRUCTURE STRATEGY	AAG330	SEG	5,039.870	10.108	50,942.31[2]	10.102	50,912.77[5]	5.3
CRYSTAL WEALTH MEDIA STRATEGY	AAG300	SEG	5,084.698	10.152	51,620.75[2]	10.053	51,116.47[5]	5.3
CRYSTAL WEALTH MEDICAL STRATEGY	AAG250	SEG	3,703.139	13.534	50,118.28[2]	13.716	50,792.25[5]	5.3
Total High Yield Fixed Income					**152,681.34**		**152,821.49**	**15.9**
Cdn Short Term Fixed Income								
CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY	AAG310	SEG	5,084.902	10.048	51,094.86[2]	10.018	50,940.55[5]	5.3
Total Cdn Short Term Fixed Income					**51,094.86**		**50,940.55**	**5.3**
Total Account Value - CAD Cash					**203,776.20**		**203,762.04**	**21.2**

CAD Registered Retirement Savings Plan (RRSP) | 27QF78-S

About Your Registered Account

Designated Beneficiary(ies)
CONNOR WHITEHOUSE

	First 60 Days of Year ($)	Remainder of Year ($)	Year-to-Date ($)
Contributions	0.00	0.00	0.00

Cash Flow Summary

Opening Cash Balance on May 1, 2017			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Closing Cash Balance on June 30, 2017			0.00	

Asset Details

	Symbol	Status	Quantity	Average Unit Cost ($)	Book Cost ($)	Market Price ($)	Market Value ($)	% of Portfolio
High Yield Fixed Income								
CRYSTAL WEALTH INFRASTRUCTURE STRATEGY	AAG330	SEG	18,392.995	10.064	185,104.79	10.102	185,806.04(5)	19.3
CRYSTAL WEALTH MEDIA STRATEGY	AAG300	SEG	10,604.000	10.144	107,565.05	10.053	106,602.01(5)	11.1
CRYSTAL WEALTH MEDICAL STRATEGY	AAG250	SEG	5,714.201	13.711	78,346.33	13.716	78,375.98(5)	8.1
Total High Yield Fixed Income					**371,016.17**		**370,784.03**	**38.5**
Cdn Short Term Fixed Income								
CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY	AAG310	SEG	17,422.927	10.035	174,839.57	10.018	174,542.88(5)	18.1
CRYSTAL WEALTH MORTGAGE STRATEGY	AAG210	SEG	4,185.372	10.080	42,187.03	10.078	42,180.18(5)	4.4
Total Cdn Short Term Fixed Income					**217,026.60**		**216,723.06**	**22.5**
Total Account Value - CAD RRSP					**588,042.77**		**587,507.09**	**61.0**

CAD Locked-in Retirement Account (LIRA) | 27QF78-N

About Your Registered Account

Designated Beneficiary(ies)

As per Legislation or Designation/Estate

Cash Flow Summary

Opening Cash Balance on May 1, 2017			$ 2.21	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Closing Cash Balance on June 30, 2017			2.21	

Asset Details

	Symbol	Status	Quantity	Average Unit Cost ($)	Book Cost ($)	Market Price ($)	Market Value ($)	% of Portfolio
Cash and Equivalents								
CASH BALANCE					2.21		2.21	N/A
Total Cash and Equivalents					**2.21**		**2.21**	**N/A**
High Yield Fixed Income								
CRYSTAL WEALTH INFRASTRUCTURE STRATEGY	AAG330	SEG	2,778.874	10.070	27,984.45	10.102	28,072.19(5)	2.9
CRYSTAL WEALTH MEDIA STRATEGY	AAG300	SEG	2,777.087	10.217	28,372.26	10.053	27,918.06(5)	2.9
CRYSTAL WEALTH MEDICAL STRATEGY	AAG250	SEG	1,992.868	13.977	27,854.91	13.716	27,334.18(5)	2.8
Total High Yield Fixed Income					**84,211.62**		**83,324.43**	**8.6**
Cdn Short Term Fixed Income								
CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY	AAG310	SEG	2,770.176	10.044	27,824.73	10.018	27,751.62(5)	2.9
Total Cdn Short Term Fixed Income					**27,824.73**		**27,751.62**	**2.9**
Total Account Value - CAD LIRA					**112,038.56**		**111,078.26**	**11.5**

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CAD Tax-Free Savings Account (TFSA) | 27QF78-W

About Your Registered Account

Designated Beneficiary(ies)		Year-to-Date ($)
CONNOR WHITEHOUSE	Contributions	5,500.00

Cash Flow Summary

Opening Cash Balance on May 1, 2017			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	(5,500.00)
Withdrawals or Deposits	0.00	0.00	0.00	5,500.00
Interest	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Closing Cash Balance on June 30, 2017			**0.00**	

Asset Details

	Symbol	Status	Quantity	Average Unit Cost ($)	Book Cost ($)	Market Price ($)	Market Value ($)	% of Portfolio
High Yield Fixed Income								
CRYSTAL WEALTH MEDIA STRATEGY	AAG300	SEG	6,072.892	10.222	62,079.77	10.053	61,050.78[5]	6.3
Total High Yield Fixed Income					**62,079.77**		**61,050.78**	**6.3**
Total Account Value - CAD TFSA					**62,079.77**		**61,050.78**	**6.3**

This is Exhibit “C” referred to in the

Affidavit of Anthony Whitehouse sworn before me,

this 15th day of June, 2018

……………………………………………

A COMMISSIONER FOR TAKING AFFIDAVITS

Financial Statements of

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)

For the year ended December 31, 2015

Financial Statements of

CRYSTAL WEALTH MORTGAGE STRATEGY (FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)

For the year ended December 31, 2015

Contents

Tel: 905 639 9500
Fax: 905 633 4939
Toll-free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Wealth Mortgage Strategy
(Formerly Crystal Enhanced Mortgage Fund)

We have audited the accompanying financial statements of Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 31, 2016

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	**$ 1,653,125**	$ 1,628,470
Investments at fair value	**40,627,269**	41,441,256
Subscriptions receivable	**4,406,656**	-
Prepaid administration expenses (Note 12)	**369,196**	680,967
Due from related parties (Note 10)	**5,767,173**	-
Total assets	**52,823,419**	43,750,693
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 13)	**8,446,607**	3,658,357
Accounts payable and accrued liabilities	**60,277**	112,230
Redemptions payable	**40,654**	10,038
Distributions payable	**5,703**	9,834
Due to related party (Note 10)	**196,868**	-
Total liabilities (excluding net assets attributable to holders of redeemable units)	**8,750,109**	3,790,459
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 44,073,310**	$ 39,960,234
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 6)	**4,381,357**	4,006,388
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$ 10.06**	$ 9.97

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31	2015	2014
INCOME		
Mortgage interest and other income	**$ 3,458,926**	$ 3,408,538
Lender fee income	**326,694**	385,633
Penalty fee income	**1,179**	39,937
Net realized loss on discharge of mortgage investments at fair value	**(550,380)**	-
Net change in unrealized appreciation on investments at fair value	**683,221**	717,860
Other investment income	**16,660**	30,552
	3,936,300	4,582,520
EXPENSES (Note 9)		
Administration fees	**520,882**	467,840
Legal fees	**49,577**	45,183
Management fees	**861,620**	977,027
Mortgage service and registration fees	**315,778**	308,822
Transaction costs	**125**	200
	1,747,982	1,799,072
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 2,188,318**	$ 2,783,448
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 11)	**$ 0.58**	$ 0.66

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 39,960,234**	$ 39,531,145
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**2,188,318**	2,783,448
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(1,841,794)**	(2,241,930)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**20,363,825**	23,540,305
Reinvestments of distributions to holders of redeemable units	**1,900,769**	2,282,435
Amount paid on redemption of redeemable units	**(18,498,042)**	(25,935,169)
	3,766,552	(112,429)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**4,113,076**	429,089
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 44,073,310**	$ 39,960,234

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable Series A units	**$ 2,188,318**	$ 2,783,448
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash provided by (used in) operating activities		
Purchase of investments at fair value	**(16,694,631)**	(24,969,604)
Proceeds on disposal of investments at fair value	**17,641,459**	25,201,369
Net realized loss on discharge of mortgage investments at fair value	**550,380**	-
Net change in unrealized (appreciation) depreciation on investments at fair value	**(683,221)**	(717,860)
Changes in operating assets and liabilities		
Subscriptions receivable	**(4,406,656)**	505
Prepaid administration expenses	**311,771**	292,651
Accounts payable and accrued liabilities	**(51,953)**	88,910
Redemptions payable	**30,616**	10,038
Distributions payable	**(4,131)**	738
Net cash provided by (used in) operating activities	**(1,118,048)**	2,690,195
CASH FLOWS FROM INVESTING ACTIVITY		
Repayments from (advances to) related parties	**(5,767,173)**	4,634,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	**20,363,825**	23,540,305
Amount paid on redemption of redeemable units	**(18,498,042)**	(25,935,169)
Distributions from net investment income, net of reinvestments	**58,975**	40,505
Advances of (repayments of) bank indebtedness	**4,788,250**	(4,453,434)
Advances from (repayments to) related party	**196,868**	(263,279)
Net cash provided by (used in) financing activities	**6,909,876**	(7,071,072)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**24,655**	253,947
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**1,628,470**	1,374,523
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,653,125**	$ 1,628,470

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Mortgage Investments at Fair Value - 76.43%

		Cost		Fair Value
Residential	$	33,327,550	$	33,222,183
Commercial		255,566		241,868
		33,583,116		33,464,051
Accrued interest receivable		-		219,421
	$	33,583,116	$	33,683,472

Loans Receivable - 14.86%

Secured by investments in the Underlying Funds, bearing interest at prime, payable on demand	$	1,452,193	$	1,452,193
Secured by general security with a charge on all assets bearing interest at 12%, payable on demand		350,000		350,000
Secured by general security with a charge on all assets bearing interest at 11%, maturing June 26, 2020		550,000		550,000
Secured by general security with a charge on all assets bearing interest at 13%, maturing June 26, 2018		1,750,000		1,750,000
Secured by general security with a charge on all assets bearing interest at 13%, maturing November 7, 2029		1,757,716		1,757,716
		5,859,909		5,859,909
Accrued interest receivable		-		688,548
	$	5,859,909	$	6,548,457

Canadian Mutual Funds - 0.90%

	Number of shares	Average cost		Fair value
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	242	2,445		2,445
Crystal Wealth High Yield Mortgage Strategy	39,227	393,504		392,895
		395,949		395,340
Total invested assets - 92.19%		**39,838,974**		**40,627,269**
Other assets, net - 7.81%				**3,446,041**
Net assets attributable to holders of redeemable Series A units - 100%			**$**	**44,073,310**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Schedule of Mortgage Investments

Interest Rate %			Number		Cost		Fair Value
0.000	to	5.500	3	$	833,236	$	833,236
5.501	to	6.000	2		627,344		627,344
6.001	to	7.500	6		1,375,429		1,375,429
7.501	to	8.000	9		785,286		785,286
8.001	to	8.500	17		2,938,949		2,938,949
8.501	to	9.000	41		6,988,966		6,988,966
9.001	to	9.500	20		2,492,986		2,492,986
9.501	to	10.000	28		2,644,206		2,644,206
10.001	to	10.500	17		1,634,694		1,634,694
10.501	to	11.000	28		2,389,755		2,368,935
11.001	to	11.500	11		619,890		619,890
11.501	to	12.000	42		3,488,792		3,488,792
12.001	to	12.500	32		2,293,815		2,293,815
12.501	to	13.000	20		1,805,802		1,805,802
13.001	to	13.500	7		234,298		234,298
13.501	to	14.000	12		1,330,065		1,231,820
14.001	to	14.500	9		546,069		546,069
14.501	to	15.000	6		231,038		231,038
15.001	to	15.500	1		59,979		59,979
15.501	to	16.000	1		262,517		262,517
			312		33,583,116		33,464,051
Accrued interest receivable					-		219,421
				$	33,583,116	$	33,683,472

All mortgages have maturities of two years or less and none of the mortgages are insured under the National Housing Act.

Schedule of Maturity

Maturity	Number		Cost		Fair Value
2016	47	$	4,440,754	$	4,335,387
2017	265		29,142,362		29,128,664
	312		33,583,116		33,464,051
Accrued interest receivable			-		219,421
		$	33,583,116	$	33,683,472

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

Crystal Wealth Mortgage Strategy (the "Fund") is an open-ended mutual fund trust formed under the laws of the Province of Ontario on August 14, 2009 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The Fund was previously called Crystal Enhanced Mortgage Fund and was renamed on September 27, 2015. The investment objective of the Fund is to generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential mortgages in Canada. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 31, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Fund is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

(a) ***Valuation of mortgage investments and loans receivable***
Mortgage investments and loans receivable for which there is no active market are valued at fair value using valuation techniques which include net present value and discounted cash flow models and comparisons with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free interest rate, credit spreads as well as prevailing rates of return on similar mortgages. The output of the valuation technique is an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held by the Fund. Valuations are therefore adjusted where appropriate, to allow for additional factors including interest rate risk, liquidity risk and counter party risk.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(b) ***Classification***

The Fund classifies its investments at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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.

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash and cash equivalents, subscriptions receivable, due from related parties, bank indebtedness, accounts payable and accrued liabilities, redemptions payable, distributions payable and due to related party are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriate, at the contract's effective interest rate.

(c) ***Fair value measurements***

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

At December 31, 2015, the Fund's mortgage investments and loans receivable were classified as Level 3 and the Fund’s investments in Canadian mutual funds were classified as Level 2.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(d) ***Investment transactions and income recognition***
Investment transactions are accounted for on the date an order is executed. Income from mortgage investments and loans receivable is recognized on an accrual basis. Lender fee income is recognized when the Fund has satisfied all its performance obligations with respect to the mortgages. This typically occurs when the mortgage funds are advanced. Lender fees and interest received in advance on mortgage investments and loans receivable are deferred until the related expenses are incurred. All transaction costs relating to the purchases and sales of investments are charged to comprehensive income in the year. Realized gains and losses from investments and unrealized appreciation (depreciation) from investments are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

(e) ***Offsetting financial instruments***
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) ***Recognition/derecognition***
The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. Any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire.

(g) ***Impairment of financial assets***
The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss had been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) ***Valuation of redeemable fund units***
The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(h) ***Valuation of redeemable fund units (Continued)***
Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund received an amount equal to the net asset value per unit on the date of sale, which included in net assets attributable to holders of redeemable units. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net asset value of the Fund is reduced by the related net asset value on the date of redemption.

(i) ***Net assets attributable to holders of redeemable units per unit***
The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the period.

(j) ***Increase in net assets attributable to holders of redeemable units per unit***
Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(k) ***Income taxes***
The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

(l) ***Related parties***
For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity’s financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(m) ***Critical estimates and judgements***
In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources.

2. Significant Accounting Policies (Continued)

(m) ***Critical estimates and judgements (Continued)***

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The most significant estimates that the Fund is required to make relate to the fair value of the mortgage investments and loans receivable. The estimates may include: assumptions regarding local real estate market conditions; interest rates and the availability of credit; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments and loans receivable.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Credit markets, equity markets, and consumer spending are facts in the uncertainty inherent in such estimates and assumptions. Accordingly, by the nature, estimates of fair value are subjective and do not necessarily result in precise determination. Should the underlying assumptions change, the estimated fair value could change by a material amount.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2015	2014
Cash balances	**$ 1,132,525**	$ 1,109,812
0.50% HSBC GIC maturing April 27, 2015	**-**	518,658
0.35% HSBC GIC maturing April 25, 2016	**520,600**	-
	$ 1,653,125	$ 1,628,470

4. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and other price risk). The level of risk depends on the Fund's investment objectives and the types of investments it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

CRYSTAL WEALTH MORTGAGE STRATEGY (FORMERLY CRYSTAL ENHANCED MORTGAGE FUND) NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. Financial Instruments and Risk Management (Continued)

The following is a summary of the Fund's main risks:

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 the Fund. A deterioration in the Canadian economy may affect the ability of some borrowers to pay their monthly mortgage payments. The fair value of mortgage investments represents the maximum credit risk as at December 31, 2015. The Fund's exposure to credit risk is limited as all mortgages are collateralized by the underlying real estate. The Fund is also exposed to limited credit risk related to the loans receivable and due from related parties. The loans receivable are secured by the underlying investments and a general security with a charge on all assets. The underlying investments are other funds that are managed by the Manager. The loans can only be redeemed or transferred out of the underlying investments with express written consent of the Fund. The Fund is also exposed to credit risk through its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. This risk has not changed from the previous year.

Liquidity risk
Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund retains sufficient cash positions to maintain liquidity. This risk has not changed from the previous year.

Interest rate risk
Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or fair values of financial instruments. Mortgage interest rates and interest rates pertaining to the investments in Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and Crystal Wealth High Yield Mortgage Strategy are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. Generally, the fair value of mortgage investments is impacted by changes in interest rates, however, given the short duration of the mortgage investments held by the Fund, their fair value approximates carrying values and any changes in prevailing interest rates would not have a significant impact on their fair value. This risk has not changed from the previous year.

Other price risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $45,797 as at December 31, 2015 (2014 - $Nil).

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Financial Instruments and Risk Management (Continued)

Other price risk (Continued)

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

5. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 4, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

6. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sales and redemption of Series A units for the year ended December 31

	2015	2014
Units, beginning of year	**4,006,388**	4,029,616
Units issued	**2,021,836**	2,335,134
Units redeemed	**(1,835,838)**	(2,571,427)
Units reinvested	**188,971**	213,065
Units, end of year	**4,381,357**	4,006,388

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. Mortgage Investments and Loans Receivable

	%	2015	%	2014
First mortgages and loans receivable	**58**	**$ 22,916,306**	55	$ 22,522,502
Second mortgages and loans receivable	**41**	**15,971,307**	45	18,360,681
Third mortgages and loans receivable	**1**	**436,347**	-	-
	100	**$ 39,323,960**	100	$ 40,883,183
Accrued interest receivable		**907,969**		558,073
		$ 40,231,929		**$ 41,441,256**

The mortgage investments are secured by the real property to which they relate, bear interest at a weighted average interest rate of 10.22% (2014 - 9.71%) and mature between 2016 and 2017. The Fund aims to have loan to value ratio of no more than 85% on an individual mortgage at time of purchase.

Mortgages in arrears

A mortgage is considered past due when a counterparty has not made a payment by the contractual date. The tables below represents the fair value of the mortgage investments at the end of the year that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in repayment.

December 31, 2015

	Under 30 days	31-60 days	61-90 days	91 days and greater	Total
Residential (6)	**$ -**	**$ -**	**$ -**	**$ 1,611,195**	**$ 1,611,195**
Commercial (1)	**-**	**-**	**-**	**166,667**	**166,667**
Total	**$ -**	**$ -**	**$ -**	**$ 1,777,862**	**$ 1,777,862**

December 31, 2014

	Under 30 days	31-60 days	61-90 days	91 days and greater	Total
Residential (10)	$ -	$ -	$ 27,502	$ 2,943,865	$ 2,971,367
Commercial (4)	-	-	-	648,195	648,195
Total	$ -	$ -	$ 27,502	$ 3,592,060	$ 3,619,562

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

	2015	2014
Mortgage investments and loans receivable, beginning of year	**$ 41,441,256**	$ 40,492,820
Additional mortgages and loans funded	**16,299,291**	25,431,945
Discharge of mortgages and loans	**(17,641,459)**	(25,201,369)
Net realized loss on discharge of mortgage investments	**(550,380)**	-
Unrealized appreciation on mortgage investments and loans receivable	**683,221**	717,860
Mortgage investments and loans receivable, end of year	**$ 40,231,929**	$ 41,441,256

There were no transfers into or out of Level 3 for the year ended December 31, 2015.

8. Income Taxes

The Fund qualifies as a "mutual fund trust' within the meaning of the Income Tax Act (Canada). The Fund is subject to applicable federal and provincial taxes on the amounts of its net income for tax purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unit holders in the period.

No provision for income taxes is recorded in the financial statements as all income and net realized capital gains are distributed to the unitholders.

9. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.20% of the net asset value. During the year, the Fund paid management fees of $861,620 (2014 **-** $977,027) to the Manager.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charged to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

10. Related Party Transactions

The following table summarizes amounts due from/to related parties:

	2015	2014
Due from related parties		
Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund)	**$ 2,010,275**	$ -
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**3,756,898**	-
	$ 5,767,173	$ -
Due to related party		
Crystal Wealth High Yield Mortgage Strategy	**$ 196,868**	$ -

CRYSTAL WEALTH MORTGAGE STRATEGY (FORMERLY CRYSTAL ENHANCED MORTGAGE FUND) NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. Related Party Transactions (Continued)

The Funds are related through common directors, trustees, officers and Fund management. The amounts due from/to related parties are unsecured, bear interest at 5% and are due on demand. During the year, the Fund received $11,795 (2014 - $Nil) of interest income from related parties and paid $8,123 (2014 - $Nil) of interest expense to a related party.

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015 the Underlying Crystal Wealth Funds include Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

Included in mortgage interest and other income are $17,079 (2014 - $Nil) of interest distributions and $6,472 (2014 - $Nil) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and $41,616 (2014 - $Nil) of interest distributions and $16,282 (2014 - $Nil) of management fee distributions received from Crystal Wealth High Yield Mortgage Strategy. As at December 31, 2015, the Fund held 242 units (2014 – Nil) of Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $2,445 (2014 - $Nil) which represents 0.01% (2014 – Nil%) of the total net asset value, and 39,227 units (2014 – Nil) of Crystal Wealth High Yield Mortgage Strategy with a fair value of $392,895 (2014 - $Nil) which represents 0.90% (2014 – Nil%) of the total net asset value. As at December 31, 2015, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) held 730,930 units (2014 – 324) with a fair value of $7,352,630 (2014 - $3,264) in the Fund, Crystal Wealth Retirement One Fund held 347,574 units (2014 – Nil) with a fair value of $3,496,347 (2014 - $Nil) in the Fund, ACM Growth Fund held 44,534 units (2014 – 89,665) with a fair value of $447,985 (2014 - $902,009) in the Fund, Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) held Nil units (2014 – 38) with a fair value of $Nil (2014 - $380) in the Fund, and Crystal Enlightened Resource and Precious Metals Fund held Nil units (2014 – 48) with a fair value of $Nil (2014 - $480) in the Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in mortgage interest and other income.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the year	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 2,188,318**	**3,778,077**	**$ 0.58**
2014	$ 2,783,448	4,221,002	$ 0.66

12. Prepaid Administration Expenses

In 2010, with the approval of the unitholders, the Fund entered into an agreement with its mortgage administration service provider in which the Fund paid $1,600,000 as a pre-payment for future mortgage administration services. Future administration fees charged based on a percentage of outstanding mortgages will reduce the prepaid balance until the balance is extinguished. The Fund will continue to pay fees on the same basis after the balance is settled. During the year, administration fees were paid which reduced the balance of the prepaid administration expenses to $369,196 at December 31, 2015 (2014 - $680,967).

13. Bank Indebtedness

The bank indebtedness, bears interest at prime plus 1% per annum, is due on demand and is secured by a general security agreement, an assignment of mortgage procurement and administration agreement, an assignment of fire insurance, an unlimited guarantee from the trustee, and an assignment from each of the borrower and trustee of all their right, title and interest from the mortgages. The Fund's limit is the lesser of $10,000,000 and the total of 75% of the eligible balance of amortizing residential first mortgages plus 65% of the eligible balance of interest only first mortgages plus 50% of the eligible balance of amortizing residential second mortgages on eligible Single Family Residential properties, up to a maximum of 75% of the appraised property value. The credit line of the Fund may not exceed 20% of the transactional NAV of the Fund. Any excess funding is to be repaid within 5 days of such occurrence.

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

14. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015			
Fund	**Total Net Asset Value of Investee Fund**	**Investment Fair value**	**% of net assets attributable to holders of redeemable units**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**49,757,146**	**2,445**	**0.00%**
Crystal Wealth High Yield Mortgage Strategy	**1,941,923**	**392,895**	**20.23%**

The Fund has determined that the Funds ('Investee Funds') in which it invests in are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Income in 'Net change in unrealized appreciation on investments at fair value'.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

15. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

Financial Statements of

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY

For the period from establishment, January 23, 2015, to December 31, 2015

Financial Statements of

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY

For the period from establishment, January 23, 2015, to December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Wealth High Yield Mortgage Strategy

We have audited the accompanying financial statements of Crystal Wealth High Yield Mortgage Strategy, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from establishment, January 23, 2015, to December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Wealth High Yield Mortgage Strategy as at December 31, 2015, and its financial performance and its cash flows for the period from establishment, January 23, 2015, to December 31, 2015, in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS	
Current assets	
Cash	**$ 93,624**
Mortgage investments at fair value	**1,621,036**
Subscriptions receivable	**59,500**
Accrued interest receivable	**12,486**
Due from related parties (Note 10)	**722,176**
Total assets	**2,508,822**
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	**3,899**
Due to related party (Note 10)	**563,000**
Total liabilities (excluding net assets attributable to holders of redeemable units)	**566,899**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 1,941,923**
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 6)	**193,884**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$ 10.02**

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM ESTABLISHMENT, JANUARY 23, 2015, TO DECEMBER 31, 2015

INCOME	
Mortgage interest and other income	**$ 185,369**
Lender fee income	**33,157**
Unrealized depreciation on mortgage investments at fair value	**(31,341)**
	187,185
EXPENSES (Note 9)	
Administration fees	**16,907**
Interest and bank charges	**10,054**
Legal fees	**1,352**
Management fees	**26,305**
Mortgage service and registration fees	**12,527**
	67,145
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 120,040**
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 11)	**$ 0.91**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE PERIOD FROM ESTABLISHMENT, JANUARY 23, 2015, TO DECEMBER 31, 2015

NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF PERIOD	**$ -**
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**120,040**
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	
From net investment income	**(120,048)**
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issuance of redeemable units	**3,353,886**
Reinvestments of distributions to holders of redeemable units	**141,193**
Amount paid on redemption of redeemable units	**(1,553,148)**
	1,941,931
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS FOR THE PERIOD AND END OF PERIOD	**$ 1,941,923**

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM ESTABLISHMENT, JANUARY 23, 2015, TO DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets attributable to holders of redeemable Series A units	**$ 120,040**
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash used in operating activities	
Purchase of mortgage investments at fair value	**(2,104,989)**
Proceeds from discharge of mortgage investments at fair value	**452,612**
Unrealized depreciation on mortgage investments at fair value	**31,341**
Interest expense	**9,339**
Changes in operating assets and liabilities	
Subscriptions receivable	**(59,500)**
Accrued interest receivable	**(12,486)**
Accounts payable and accrued liabilities	**3,899**
Net cash used in operating activities	**(1,559,744)**
CASH FLOWS FROM INVESTING ACTIVITY	
Advances to related parties	**(722,176)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of redeemable units	**3,353,886**
Amount paid on redemption of redeemable units	**(1,553,148)**
Distributions from net investment income, net of reinvestments	**21,145**
Advances from related party	**563,000**
Interest paid	**(9,339)**
Net cash provided by financing activities	**2,375,544**
NET INCREASE IN CASH FOR THE PERIOD AND CASH, END OF PERIOD	**$ 93,624**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Mortgage Investments at Fair Value - 83.48% (Note 7)

	Cost	Fair Value
Residential	$ 1,652,377	$ **1,621,036**
Other assets, net - 16.52%		**320,887**
Net assets attributable to holders of redeemable Series A units		**$ 1,941,923**

Schedule of Mortgage Investments

Interest Rate (%)			Number of Mortgages	Cost	Fair Value
11.501	to	12.500	3	$ 128,501	$ 128,501
12.501	to	13.500	2	42,669	42,669
13.501	to	14.000	13	577,657	546,316
14.001	to	14.500	8	323,451	323,451
14.501	to	15.000	10	414,540	414,540
15.001	to	15.500	4	165,559	165,559
Total			40	$ 1,652,377	1,621,036

All mortgages have maturities of two years or less and none of the mortgages are insured under the National Housing Act.

Schedule of Maturity

Maturity	Number of Mortgages	Cost	Fair value
2016	31	$ 1,400,302	$ 1,400,302
2017	9	252,075	220,734
	40	$ 1,652,377	$ 1,621,036

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The Crystal Wealth High Yield Mortgage Strategy (the "Fund") is an open-ended unit trust formed under the laws of the Province of Ontario on January 23, 2015 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The investment objective of the Fund is to generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential second mortgages in Canada. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited financial statements for the period from establishment, January 23, 2015, to December 31, 2015, were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted

The following new standards and amendments to existing standards were issued by the IASB:

IFRS 9 Financial Instruments

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

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (continued)

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

(a) Valuation of mortgage investments
Mortgage investments for which there is no active market are valued at fair value using valuation techniques which include net present value and discounted cash flow models and comparisons with similar instruments for which observable market prices exists. Assumptions and inputs used in valuation techniques include risk-free interest rate, credit spreads as well as prevailing rates of return on similar mortgages. The output of the valuation technique is an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held by the Fund. Valuations are therefore adjusted where appropriate, to allow for additional factors including interest rate risk, liquidity risk and counter party risk.

The Fund measures the fair value of its mortgage investments at fair value for Trading NAV purposes as described as follows:

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(a) Valuation of mortgage investments (continued)

In accordance with the Fund's Offering Memorandum, the Fund continues to calculate its net asset value using the outstanding principal on the Valuation Date. The Manager continues to value mortgage investments at their outstanding principal even if a mortgage is in foreclosure, unless the Manager has incontrovertible proof that the final recovery from the borrower will be less than the outstanding principal, in which case the Manager will reduce the value of the mortgage to the expected recovery amount. This measurement is not consistent with the Fund's fair value measurement policies under IFRS, however, is in accordance with the Fund's offering Memorandum. As at December 31, 2015, there were no differences between the Fund's Trading NAV and IFRS NAV.

(b) Classification

The Fund classifies its mortgage investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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.

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's mortgage investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, subscriptions receivable, accrued interest receivable, due from related parties, accounts payable and accrued liabilities and due to related party are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriate, at the contract's effective interest rate.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and financial liabilities are measured at amortized cost.

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(c) Fair value measurements
Investments at fair value are classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's mortgage investments at fair value were classified as Level 3 at December 31, 2015.

(d) Investment transactions and income recognition
Investment transactions are accounted for on the date an order is executed. Income from mortgage investments is recognized on an accrual basis. Lender fees and interest received in advance on mortgage investments are deferred until the related expenses are incurred. All transaction costs relating to the purchases and sales of mortgage investments are charged to comprehensive income in the year. Realized gains and losses from mortgage investments and unrealized appreciation (depreciation) from mortgage investments are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

(e) Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition
The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. Any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire.

2. Significant Accounting Policies (Continued)

(g) Impairment of financial assets
The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Translation of foreign currencies
Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Income.

(i) Valuation of redeemable fund units
The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund received an amount equal to the net asset value per unit on the date of sale, which included in net assets attributable to holders of redeemable units. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net asset value of the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit
The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the period.

(k) Increase in net assets attributable to holders of redeemable units per unit
Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period.

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(l) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity’s financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources.

The most significant estimates that the Fund is required to make relate to the fair value of the mortgage investments. The estimates may include: assumptions regarding local real estate market conditions; interest rates and the availability of credit; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Credit markets, equity markets, and consumer spending are factors in the uncertainty inherent in such estimates and assumptions. Accordingly, by the nature, estimates of fair value are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could change by a material amount.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Reconciliation of Level 3 Fair Value Measurements of Financial Assets

For the period from establishment, January 23, 2015, to December 31, 2015		
Mortgage investments, beginning of period	$	-
Mortgages funded		**2,104,989**
Discharge of mortgage investments		**(452,612)**
Unrealized depreciation on mortgage investments		**(31,341)**
Mortgage investments, end of period	**$**	**1,621,036**

There were no transfers into or out of Level 3 for the period from establishment, January 23, 2015, to December 31, 2015.

4. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of investments it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Fund. A deterioration in the Canadian economy may affect the ability of some borrowers to pay their monthly mortgage payments. The fair value of mortgage investments represents the maximum credit risk as at December 31, 2015, however, the Fund's exposure to credit risk is limited since all mortgages are collateralized by the underlying real estate. The Fund is also exposed to limited credit risk related to the amounts due from related parties.

Liquidity risk
Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund retains sufficient cash positions to maintain liquidity.

Interest rate risk
Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or fair values of financial instruments. Mortgage interest rates are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. Generally, the fair value of mortgage investments is impacted by changes in interest rates, however, given the short duration of the mortgage investments held by the Fund, their fair value approximates carrying values and any changes in prevailing interest rates would not have a significant impact on their fair value.

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

5. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of a proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 4, the Fund endeavors to invest the subscriptions received in appropriate mortgage investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

6. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units:

For the period from establishment, January 23, 2015, to December 31, 2015	
Units, beginning of period	-
Units issued	**333,780**
Units redeemed	**(153,976)**
Units reinvested	**14,080**
Units, end of period	**193,884**

7. Mortgage Investments

The mortgage investments are second mortgages and are secured by the real property to which they relate, bear interest at a weighted average interest rate of 14.28% and mature between 2016 and 2017. The Fund aims to have a loan to value ratio of no more than 90% on an individual mortgage at time of purchase.

Mortgages in arrears

A mortgage is considered past due when a counterparty has not made a payment by the contractual date. As at December 31, 2015, there were no mortgages in arrears.

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Income Taxes

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to applicable federal and provincial taxes on the amounts of its net income for tax purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unit holders in the period.

No provision for income taxes is recorded in the financial statements as all income and net realized capital gains are distributed to the unitholders.

9. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charged to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

10. Related Party Transactions

The following table summarizes amounts due from/to related parties:

	December 31, 2015
Due from related parties	
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	**$ 196,940**
Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund)	**75,113**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**450,123**
	$ 722,176
Due to related party	
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	**$ 563,000**

CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. Related Party Transactions (Continued)

The Funds are related through common directors, trustees, officers and Fund management. The amounts due from/to related parties are unsecured, bear interest at 5% and are due on demand. During the year, the Fund received $1,683 of interest income from related parties and paid $8,123 of interest expense to a related party.

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), ACM Growth Fund, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

Included in mortgage interest and other income are $1,046 of interest distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and $893 of interest distributions received from Crystal Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund). At December 31, 2015, the Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) held 39,227 units of the Fund with a fair value of $392,895 and the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) held 53,398 units of the Fund with a fair value of $534,830.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in mortgage interest and other income.

11. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the period from establishment, January 23, 2015, to December 31, 2015 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the period	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 120,040**	**132,493**	**$ 0.91**

Financial Statements of

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)

For the year ended December 31, 2015

Financial Statements of

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Wealth Media Strategy
(Formerly Crystal Wealth Strategic Yield Media Fund)

We have audited the accompanying financial statements of Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 31, 2016

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2015	2014
ASSETS		
Current assets		
Cash	$ -	$ 2,735,677
Investments at fair value	**58,148,471**	48,111,453
Subscriptions receivable	**131,830**	23,500
Total assets	**58,280,301**	50,870,630
LIABILITIES		
Current liabilities		
Bank indebtedness	**3,888,164**	-
Accounts payable and accrued liabilities	**41,171**	79,584
Redemptions payable	**77,695**	-
Distributions payable	**39,104**	39,874
Due to related parties (Note 8)	**4,477,021**	-
Total liabilities (excluding net assets attributable to holders of redeemable units)	**8,523,155**	119,458
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	$ **49,757,146**	$ 50,751,172
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 6)	**4,916,442**	5,024,299
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$ 10.12**	**$** 10.10

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31		2015		2014
INCOME				
Interest and other income (Note 8)	$	**3,391,745**	$	2,836,766
Lender fee income (expense)		**-**		(9,653)
Net realized loss on sale of investments at fair value		**(884,416)**		(138,968)
Net change in unrealized appreciation on investments at fair value		**2,617,379**		2,432,170
Net unrealized gain on foreign exchange		**989,772**		185,164
		6,114,480		5,305,479
EXPENSES (Note 7)				
Administration fees		**228,364**		208,302
Interest expense and bank charges		**73,845**		167,539
Management fees		**1,072,082**		771,245
Transaction costs		**2,145**		403
		1,376,436		1,147,489
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**4,738,044**	$	4,157,990
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 9)	**$**	**0.95**	$	1.18

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 50,751,172**	$ 23,020,042
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**4,738,044**	4,157,990
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(4,603,719)**	(4,314,211)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**28,795,546**	31,848,940
Reinvestments of distributions to holders of redeemable units	**4,792,695**	4,141,188
Amount paid on redemption of redeemable units	**(34,716,592)**	(8,102,777)
	(1,128,351)	27,887,351
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(994,026)**	27,731,130
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 49,757,146**	$ 50,751,172

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable Series A units	$ **4,738,044**	$ 4,157,990
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investments at fair value	**(10,689,589)**	(19,895,545)
Proceeds on disposal of investments at fair value	**3,375,336**	1,819,907
Net realized loss on sale of investments at fair value	**884,416**	138,968
Net change in unrealized appreciation on investments at fair value	**(2,617,379)**	(2,432,170)
Net unrealized gain on foreign exchange	**(989,772)**	(185,164)
Changes in operating assets and liabilities		
Subscriptions receivable	**(108,330)**	26,972
Accounts payable and accrued liabilities	**(38,413)**	174,008
Redemptions payable	**77,695**	-
Distributions payable	**(770)**	28,046
Net cash used in operating activities	**(5,368,792)**	(16,166,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of redeemable units	**28,795,546**	31,848,940
Amount paid on redemption of redeemable units	**(34,716,592)**	(8,102,777)
Distributions from net investment income, net of reinvestments	**188,976**	(173,023)
Advances from (repayments to) related parties	**4,477,021**	(4,816,552)
Increase in bank indebtedness	**3,888,164**	-
Net cash provided by (used in) financing activities	**2,633,115**	18,756,588
NET INCREASE (DECREASE) IN CASH	**(2,735,677)**	2,589,600
CASH, BEGINNING OF YEAR	**2,735,677**	146,077
CASH, END OF YEAR	$ **-**	$ 2,735,677

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Film Production Loans at Fair Value- 101.06% (Note 3)

	Cost	Fair Value
Canada		
Loans bearing interest at 13% with profit participation ranging from 5% to 10%	$ 8,044,200	**$ 9,064,403**
Loans bearing interest at 17% with profit participation ranging from 2.25% to 10%	26,375,733	**31,277,437**
Loan bearing interest at 18% with profit participation of 12.5%	2,619,496	**3,122,124**
	37,039,429	**43,463,964**
United States		
Loan bearing interest at 13% with profit participation of 6%	2,280,831	**2,719,950**
Loan bearing interest at 17% with profit participation ranging from 3% to 4%	3,186,440	**4,100,070**
	5,467,271	**6,820,020**
Total Film Production Loans	42,506,700	**50,283,984**

Canadian Mutual Funds - 15.85%

	Number of shares	Average cost	Fair value
		$	$
Crystal Wealth High Yield Mortgage Strategy	53,398	537,819	**534,830**
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	730,930	7,352,974	**7,352,630**
Total Canadian Mutual Funds		7,890,793	**7,887,460**

Futures Contracts - (0.05%)

No. of contracts			
68	$100,000 CAD/USD Contract due March, 2016	(230)	**(22,973)**

Total Investments - 121.43%	**50,397,263**	**58,148,471**
Other liabilities, net - (16.86)%		**(8,391,325)**
Net assets attributable to holders of redeemable Series A units - 100%		**$49,757,146**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The Crystal Wealth Media Strategy (the "Fund") is an open-ended mutual fund trust formed under the laws of the Province of Ontario on September 11, 2011 by an amendment to Schedule A to a Master Declaration of Trust, amended and restated as of September 27, 2015. The Fund was previously called Crystal Wealth Strategic Yield Media Fund and was renamed on September 27, 2015. The investment objective of the Fund is to generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in asset-backed debt obligations of motion pictures and series television productions. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on Part 2.11 of National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements of the Fund for the year ended December 31, 2015 were authorized for issue by the Manager on March 31, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Fund is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

2. Significant Accounting Policies (Continued)

(a) Valuation of investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

Film production loans

Film production loan investments for which there is no active market are valued at fair value using valuation techniques which include net present value and discounted cash flow models and comparisons with similar instruments for which observable market price exists. Assumptions and inputs used in valuation techniques include risk-free interest rate, credit spreads as well as prevailing rates of return on similar loans. The output of the valuation technique is an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held by the Fund. Valuations are therefore adjusted where appropriate, to allow for additional factors including interest rate risk, liquidity risk and counterparty risk.

Futures contracts

Foreign exchange futures contracts, which are held as hedges for capital investments, are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized depreciation on futures contracts is included as investments at fair value on the Statement of Financial Position and included in "Net change in unrealized depreciation on investments at fair value" during the applicable year in the Statement of Comprehensive Income. Upon closing of the contracts, the gain or loss is included in "Net realized loss on sale of investments at fair value" on the Statement of Comprehensive Income.

2. Significant Accounting Policies (Continued)

(b) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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. Derivatives are also categorized as held for trading.

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, bank indebtedness, subscriptions receivable, accounts payable and accrued liabilities, distributions payable, redemptions payable and due to related parties are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriate, at the contract's effective interest rate.

(c) Fair value measurements

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 2 at December 31, 2015, except for the Fund's investments in film production loans which are classified as Level 3.

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss had been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

2. Significant Accounting Policies (Continued)

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Income.

(i) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund received an amount equal to the net asset value per unit on the date of sale, which included in net assets attributable to holders of redeemable units. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net asset value of the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the year.

(k) Increase in net assets attributable to holders of redeemable units per unit

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(l) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit (if any) of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

2. Significant Accounting Policies (Continued)

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the Funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The most significant estimates that the Fund is required to make relate to the fair value of the film production loan investments. The estimates may include: assumptions regarding interest rates and the availability of credit; forecasted film sales and timing of related cash flows earned by the Fund; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors. The estimate of fair value of the film production loan investments includes significant estimation uncertainty with respect to the timing of cash flows as well as overall collectability associated with the loans. As a result of the uncertainty associated with the loans, the Manager estimates fair value of the loans within a range of reasonably estimable values, with greater weight placed on observable inputs which faithfully represent the most likely outcome.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Credit markets, equity markets, and consumer spending are facts in the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of fair value are subjective and do not necessarily result in precise determination. Should the underlying assumptions change, the estimated fair value could change by a material amount.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Film Production Loans

The Fund entered into a Master Assignment Agreement with Media House Capital (Canada) Corp. ("Media House") on October 6, 2011 whereby the Fund agreed to purchase certain film and series television production loans from Media House. Specific funding under this agreement is provided under the respective Supplement agreements.

The initial term of each loan has an accelerated call provision at 18 months and a maturity date of no longer than 30 months and is renewable only with the consent of the Fund. In addition to the interest earned on the respective loan balances, the Fund may be entitled to a profit participation on the film production loans.

The Fund has first position security on the loans, unless the Fund agrees to the subordination of the films to other lenders.

As a condition of financing, the Fund is granted general and continuing security over the loans whereby it is provided a security interest in the present and future undertaking and property of the production, including all assets, rights and future production revenue, subject to any subordination of the loans that the Fund may have entered into. The security provided however, may not be sufficient to cover the outstanding principal of the loans in the event of a default.

In accordance with various loan agreements, the Fund is entitled to receive continued participation in the profits of the various Pictures. The amounts received will be the gross receipts after certain deductions defined in the agreements. The right to receive the profit participation was acquired as partial consideration for each of the loans. As at December 31, 2015, no values were assigned to the profit participation.

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

	2015	2014
Film production loan investments, beginning of year	**$ 48,121,521**	$ 27,671,144
Film production loan advances	**2,894,339**	19,727,568
Film production loan repayments	**(3,375,336)**	(1,819,907)
Unrealized appreciation on film production loans	**2,643,460**	2,542,716
Film production loan investments, end of year	**$ 50,283,984**	$ 48,121,521

There were no transfers into or out of Level 3 for the year ended December 31, 2015.

The table below summarizes the significant unobservable inputs used in fair value measurement of the film production loan investments and the impact to the valuation of a reasonably possible change to the significant unobservable input. The unobservable input, probability of collection, comprises the estimated gross amount and timing of the cash flows, which are dependent on the ultimate sales and distribution of the underlying films. There is inherently significant measurement uncertainty associated with such investments. The actual results on realization of the positions could materially differ from the estimates of fair value on the report date.

3. Film Production Loans (Continued)

December 31, 2015				
Description	**Fair Value**	**Valuation Technique**	**Unobservable input**	**Potential change in valuation**
Film production loans	$50,283,984	Net present value	Probability of collection	($3,000,000)

4. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of investments it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

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 Fund is exposed to credit risk through its investments in film production loans as well as its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. The fair value of investments in film production loans represents the maximum credit risk at December 31, 2015. The sales success of the film or television production being financed will affect the ability of the borrowers to repay the film production loans outstanding, although there is certain other security obtained on the loans (Note 3). This risk has not changed from the previous year.

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for longer periods. All liabilities are payable within a year. The Fund retains sufficient cash positions to maintain liquidity. Given the uncertainties in relation to the probability of collection of the film production loans, the Fund may not realize the investments in the ordinary course of business at the amounts stated in the statement of financial position. This risk has not changed from the previous year.

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Financial Instruments and Risk Management (Continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. Interest rates pertaining to the film production loans and investments in Crystal Wealth High Yield Mortgage Strategy and Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk. This risk has not changed from the previous year.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests primarily in Canadian dollar denominated securities.

The Schedule of Investment Portfolio identifies all securities denominated in foreign currencies. In addition, the Fund had USD cash of $61,208 at December 31, 2015 (2014 - $66,748) and accrued USD interest of $977,418 at December 31, 2015 (2014 - $336,552).

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $3,087 (2014 - $494). In practice, actual results may differ from this sensitivity analysis and the difference could be material. This risk has not changed from the previous year.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $393,000 as at December 31, 2015 (2014 - $Nil).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

5. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 4, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

6. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014
Units, beginning of year	**5,024,299**	2,284,961
Units issued	**2,843,879**	3,143,540
Units redeemed	**(3,426,003)**	(799,617)
Units reinvested	**474,267**	395,415
Units outstanding, end of year	**4,916,442**	5,024,299

7. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value. During the year, the Fund paid management fees of $1,072,082 (2014 - $771,245) to the Manager.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charge to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost financial and other reports and compliance with all applicable laws, regulations and policies.

8. Related Party Transactions

The following table summarizes amounts due to related parties:

	2015	2014
Due to related parties		
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	$ 3,756,896	$ -
Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund)	270,000	-
Crystal Wealth High Yield Mortgage Strategy	450,123	-
	$ 4,477,021	$ -

The Funds are related through common directors, trustees, officers and Fund management. The amounts due to related parties are unsecured, bear interest at 5% and are due on demand. During the year, the Fund paid $64,639 (2014 - $Nil) of interest expense to related parties.

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

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CRYSTAL WEALTH MEDIA STRATEGY
(FORMERLY CRYSTAL WEALTH STRATEGIC YIELD MEDIA FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Related Party Transactions (Continued)

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the Underlying Crystal Wealth Funds to the Fund and is included in interest and other income

Included in interest and other income are $18,152 (2014 - $50,393) of interest distributions and $9,130 (2014 - $31,787) of management fee distributions received from Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), $Nil (2014 - $31,787) of management fee distributions received from Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), and $23,061 (2014 - $Nil) of interest distributions and $7,010 (2014 - $Nil) of management fee distributions received from Crystal Wealth High Yield Mortgage Strategy. As at December 31, 2015, the Fund held 53,398 units (2014 - 324) of the Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) with a fair value of $534,830 (2014 - $3,264), which represents 1.07% (2014 – 0.01%) of the total net asset value and 730,930 units (2014 - Nil) of the Crystal Wealth High Yield Mortgage Strategy with a fair value of $7,352,630 (2014 - $Nil), which represents 14.78% (2014 – Nil%) of the total net asset value. At December 31, 2015, ACM Growth Fund held 235,849 units (2014 - 277,127) with a fair value of $2,386,921 (2014 - $2,799,295), ACM Income Fund held 579,484 units (2014 - 503,940) with a fair value of $5,864,702 (2014 - $5,090,370), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) held 160,107 units (2014 - 72,568) with a fair value of $1,620,369 (2014 - $733,023), Crystal Enlightened Resource and Precious Metals Fund held 81,688 units (2014 - 171,339) with a fair value of $826,733 (2014 - $1,730,723), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund) held 232,283 units (2014 – Nil) with a fair value of $2,350,839 (2014 - $Nil), Crystal Wealth Retirement One Fund held 1,411,875 units (2014 – Nil) with a fair value of $14,288,966 (2014 - $Nil), Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) held 242 units (2014 – Nil) with a fair value of $2,445 (2014 - $Nil) in the Fund.

9. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A outstanding during the year	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 4,738,044**	**5,002,996**	**$ 0.95**
2014	$ 4,157,990	3,517,711	$ 1.18

10. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015			
Fund	**Total Net Asset Value of Investee Fund**	**Investment Fair value**	**% of net assets attributable to holders of redeemable units**
Crystal Wealth High Yield Mortgage Strategy	**$1,941,923**	**$534,830**	**27.54%**
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	**$43,730,156**	**$7,352,630**	**16.81%**

The Fund has determined that the Funds ('Investee Funds') in which it invests in are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective funds' net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Income in 'Net change in unrealized depreciation on investments at fair value'.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

11. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

Financial Statements of

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)

For the year ended December 31, 2015

Financial Statements of

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Wealth Medical Strategy
(Formerly Crystal Wealth Medical Income Fund)

We have audited the accompanying financial statements of Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund) as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
STATEMENT OF FINANCIAL POSITION

DECEMBER 31		2015		2014
ASSETS				
Current assets				
Cash	$	**291,677**	$	289,374
Investments at fair value		**8,650,770**		5,449,976
Accounts receivable		**2,718,752**		1,411,208
Subscriptions receivable		**40,852**		-
Due from related party (Note 9)		**270,000**		-
Total assets		**11,972,051**		7,150,558
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**753,554**		305,590
Due to related parties (Note 9)		**2,085,460**		72
Total liabilities (excluding net assets attributable to holders of redeemable units)		**2,839,014**		305,662
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**9,133,037**	$	6,844,896
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)		**664,237**		511,236
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$**	**13.75**	**$**	13.39

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31	2015	2014
INCOME		
Medical receivable factoring facilities contract fees	**$ 892,333**	$ -
Interest and other income (Note 9)	**124,936**	46,455
Net realized loss on sale of investments at fair value	**(888,672)**	(307,157)
Net unrealized gain on foreign exchange	**1,000,869**	315,282
Net change in unrealized appreciation (depreciation) on investments at fair value	**(220,983)**	367,594
	908,483	422,174
EXPENSES (Note 8)		
Administration fees	**146,170**	63,964
Interest and bank charges	**11,175**	7,181
Management fees	**127,917**	57,796
Transaction costs	**2,698**	351
	287,960	129,292
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 620,523**	$ 292,882
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 10)	**$ 1.07**	$ 1.01

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 6,844,896**	$ 1,067,681
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**620,523**	292,882
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(431,261)**	(42,854)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**3,802,547**	8,449,709
Reinvestments of distributions to holders of redeemable units	**495,530**	70,614
Amount paid on redemption of redeemable units	**(2,199,198)**	(2,993,136)
	2,098,879	5,527,187
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**2,288,141**	5,777,215
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 9,133,037**	$ 6,844,896

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable Series A units	$ **620,523**	$ 292,882
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investments at fair value	**(6,490,318)**	(7,377,568)
Proceeds on disposal of investments at fair value	**3,180,738**	3,221,670
Net realized loss on sale of investments at fair value	**888,672**	307,157
Net realized gain on foreign exchange	**(1,000,869)**	(315,282)
Net change in unrealized (appreciation) depreciation on investments at fair value	**220,983**	(367,594)
Changes in operating assets and liabilities		
Accounts receivable	**(1,307,544)**	(1,307,379)
Subscriptions receivable	**(40,852)**	-
Accounts payable and accrued liabilities	**447,964**	278,286
Net cash used in operating activities	**(3,480,703)**	(5,267,828)
CASH FLOWS FROM INVESTING ACTIVITY		
Repayments from (advances to) related party	**(270,000)**	120,662
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of redeemable units	**3,802,547**	8,449,709
Amount paid on redemption of redeemable units	**(2,199,198)**	(2,993,136)
Distributions from net investment income, net of reinvestments	**64,269**	28,780
Advances from (repayments to) related parties	**2,085,388**	(100,200)
Net cash provided by financing activities	**3,753,006**	5,385,153
NET INCREASE IN CASH	**2,303**	237,987
CASH, BEGINNING OF YEAR	**289,374**	51,387
CASH, END OF YEAR	$ **291,677**	$ 289,374

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments owned	Number of shares	Average cost	Fair value	% of net asset value
		$	$	
Canadian Mutual Funds - 53.59%				
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	232,283	2,352,503	2,350,839	25.74%
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	252,853	2,555,323	2,543,521	27.85%
Total Canadian Mutual Funds		4,907,826	4,894,360	53.59%
United States Equity - 0.20%				
Advanced Voice Recognition Systems Inc.	2,618,000	175,393	18,117	0.20%
Futures Contracts - (0.23%)				
No. of contracts				
59 $100,000 CAD/USD Contract due March 2016		-	(6,877)	-0.08%
Medical Receivable Factoring Facilities Contracts (Note 7)		3,543,761	3,745,170	41.01%
Total investments		**8,626,980**	**8,650,770**	94.72%
Other assets, net			**482,267**	5.28%
Net Assets Attributable to Holders of Redeemable Series A Units			**9,133,037**	**100.00%**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

Crystal Wealth Medical Strategy (the "Fund") is an open-ended mutual fund trust formed under the laws of the Province of Ontario on January 22, 2010 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The Fund was previously called Crystal Wealth Medical Income Fund and was renamed on September 27, 2015. The investment objective of the Fund is to generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in American medical receivables factoring facilities contracts. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted

The following new standards and amendments to existing standards were issued by the IASB:

CRYSTAL WEALTH MEDICAL STRATEGY
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NOTES TO FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (Continued)

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

2. Significant Accounting Policies (Continued)

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. The fair value of medical receivable factoring facilities contracts approximates their carrying value due to their short-term nature.

Futures contracts

Foreign exchange futures contracts, which are held as hedges for capital investments, are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized appreciation (depreciation) on futures contracts is included in investments at fair value on the Statement of Financial Position and included in "Net change in unrealized appreciation (depreciation) on investments at fair value" during the applicable year in the Statement of Comprehensive Income. Upon closing of the contracts, the gain or loss is included in "Net realized loss on sale of investments at fair value" on the Statement of Comprehensive Income.

(b) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) <u>Financial assets held for trading</u>

A financial asset 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. Derivatives are also categorized as held for trading.

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
NOTES TO FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Continued)

(b) Classification (Continued)

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, accounts receivable, subscriptions receivable, due from related party, accounts payable and accrued liabilities and due to related parties are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriated, at the contract's effective interest rate.

(c) Fair value measurements

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 1 and Level 2 at December 31, 2015 except for the Fund's investments in medical receivable factoring facilities contracts which are classified as Level 3.

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments at fair value are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

Income from contract fees is recorded when earned and when collectability is reasonably assured.

2. Significant Accounting Policies (Continued)

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Income.

CRYSTAL WEALTH MEDICAL STRATEGY (FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND) NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(i) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net assets value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale, which included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net asset value of the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the year.

(k) Increase in net assets attributable to holders of redeemable units per unit

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(l) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset. Refer to Note 6 for unused losses.

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity’s financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

2. Significant Accounting Policies (Continued)

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the Funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The most significant estimates that the Fund is required to make relate to the fair value of the medical receivable factoring facilities contracts. The estimates may include: assumptions regarding interest rates and the availability of credit; cost and terms of financing; and other factors affecting the underlying security of the medical receivable factoring facilities contracts.

The estimates and underlying assumptions 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 that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

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 the Fund. The Fund is exposed to credit risk through its investments in medical receivable factoring facilities contracts as well as its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. This risk has not changed from the previous year.

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
NOTES TO FINANCIAL STATEMENTS
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3. Financial Instruments and Risk Management (Continued)

Liquidity risk
Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise. This risk has not changed from the previous year.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. Interest rates pertaining to the investments in the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk. This risk has not changed from the previous year.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Schedule of Investment Portfolio identifies all securities denominated in foreign currencies. In addition, the Fund had $69,807 of USD cash (2014 - $58,203 of USD indebtedness), $4,522,681 of USD medical receivable factoring facilities contracts and accounts receivable (2014 - $4,338,605), and $227,413 of USD accounts payable and accrued liabilities (2014 - $253,573) at December 31, 2015.

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $141,000 (2014 - $1,500). In practice, actual results may differ from this sensitivity analysis and the difference could be material. This risk has not changed from the previous year.

3. Financial Instruments and Risk Management (Continued)

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $245,000 as at December 31, 2015 (2014 - $87,000).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
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5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014
Units, beginning of year	**511,236**	90,667
Units issued	**278,123**	644,073
Units redeemed	**(161,156)**	(226,690)
Units reinvested	**36,034**	3,186
Units, end of year	**664,237**	511,236

6. Income Taxes

The Fund has non-capital loss carry forwards of $18,627, which expire commencing in 2030. In addition, the Fund has net capital losses of $68,616, which can be carried forward indefinitely and applied to future capital gains.

7. Medical Receivable Factoring Facilities Contracts

There are ten medical receivable factoring facilities contracts at year end for outstanding invoices totaling $3,745,170 relating to advances on eligible accounts receivables. There are no specific terms of repayment. The maximum authorized advances on these invoices are not to exceed 80% of the estimated net realizable amount of each receivable. The medical contracts allow for ongoing advances to be made to the medical provider. As amounts are collected new receivables are eligible and advances can be made under the terms of the contract which are subject to approval by the Fund.

The Fund maintains senior first priority ownership interest in all accounts purchased as well as a senior and first priority security interest in all other accounts receivable and proceeds thereof.

Contract fees of varying percentages are charged in respect of the outstanding receivable balances on a monthly basis.

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
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DECEMBER 31, 2015

7. Medical Receivable Factoring Facilities Contracts (Continued)

Reconciliation of Level 3 Fair Value Measurement of Financial Assets:

	2015	2014
Medical receivable factoring facilities contracts, beginning of year	**3,649,679**	865,955
Advances	**1,210,214**	5,163,471
Repayments	**(1,316,132)**	(2,739,268)
Accrued medical receivable factoring facilities contract fees	**201,409**	359,521
Medical receivable factoring facilities contracts, end of year	**3,745,170**	3,649,679

There were no transfers into or out of Level 3 for the year ending December 31, 2015.

8. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charge to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

9. Related Party Transactions

The following table summarizes amounts due from/to related parties:

	2015	2014
Due from related party		
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**$ 270,000**	$ -
Due to related parties		
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	**$ 2,010,347**	$ 72
Crystal Wealth High Yield Mortgage Strategy	**75,113**	-
	$ 2,085,460	72

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
NOTES TO FINANCIAL STATEMENTS
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9. Related Party Transactions (Continued)

The Funds are related through common directors, trustees, officers and Fund management. The amounts due from/to related parties are unsecured, bear interest at 5% and are due on demand. During the year, the Fund received $36,771 (2014 - $Nil) of interest income from a related party and paid $8,426 (2014 - $Nil) of interest expense to related parties.

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015 the Underlying Crystal Wealth Funds include, Crystal Wealth Mortgage Strategy (Formerly Crystal Wealth Enhanced Mortgage Fund), Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the Underlying Crystal Wealth Funds to the Fund and is included in interest and other income of the Fund.

Included in interest income are $71,351 (2014 - $45,193) of interest distributions and $14,976 (2014 - $6,699) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and $12,425 (2014 - $4,720) of interest distributions and $2,454 (2014- $4,860) of management fee distributions received from Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund). As at December 31, 2015, the Fund held 232,283 units (2014 – 171,339) of the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $2,350,839 (2014 - $1,730,724), which represents 25.74% (2014 – 33.5%) of the total net asset value, and 252,853 units (2014 – Nil) of Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) with a fair value of $2,543,521 (2014 - $Nil), which represents 27.85% (2014 – Nil%) of the total net asset value. As at December 31, 2015, ACM Income Fund held 172,570 units of the Fund (2014 – Nil) with a fair value of $2,372,802 (2014 - $Nil) and Crystal Wealth Retirement One Fund held 97,170 units of the Fund (2014 – Nil) with a fair value of $1,336,068 (2014 - $Nil).

10. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the year	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 620,523**	**581,425**	**$ 1.07**
2014	$ 292,882	290,589	$ 1.01

CRYSTAL WEALTH MEDICAL STRATEGY
(FORMERLY CRYSTAL WEALTH MEDICAL INCOME FUND)
NOTES TO FINANCIAL STATEMENTS
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11. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015			
Fund	Total Net Asset Value of Investee Fund	Investment Fair value	% of net assets attributable to holders of redeemable units
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	49,757,146	2,350,839	4.72%
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	44,073,310	2,543,521	5.77%

The Fund has determined that the Funds ('Investee Funds') in which it invests in are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective funds' net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Income in 'Net change in unrealized appreciation (depreciation) on investments at fair value'.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

12. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

Financial Statements of

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND)

For the year ended December 31, 2015

Financial Statements of

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND)

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Wealth Enlightened Factoring Strategy
(Formerly Crystal Enlightened Income Fund)

We have audited the accompanying financial statements of Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) STATEMENT OF FINANCIAL POSITION

DECEMBER 31		2015		2014
ASSETS				
Current assets				
Cash	$	**1,529,542**	$	1,017,641
Investments at fair value		**18,527,003**		3,203,846
Subscriptions receivable		**490,303**		34,832
Due from related party (Note 8)		**563,000**		-
Total assets		**21,109,848**		4,256,319
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**34,430**		9,268
Total liabilities (excluding net assets attributable to holders of redeemable units)		**34,430**		9,268
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**21,075,418**	$	4,247,051
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)		**2,140,159**		431,611
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$**	**9.85**	$	9.84

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31		2015		2014
INCOME				
Commercial factoring contract fees	**$**	**927,385**	$	-
Interest and other income (Note 8)		**147,536**		240,713
Net realized loss on sale of investments at fair value		**(403,450)**		(11,096)
Net unrealized gain on foreign exchange		**426,957**		10,498
Net change in unrealized appreciation on investments at fair value		**732,076**		28,278
		1,830,504		268,393
EXPENSES (Note 7)				
Administration fees		**96,422**		59,958
Interest and bank charges		**7,903**		840
Management fees		**230,510**		40,769
Transaction costs		**1,357**		125
		336,192		101,692
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**1,494,312**	$	166,701
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 9)	**$**	**1.30**	$	0.81

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 4,247,051**	$ 1,787,354
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**1,494,312**	166,701
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(1,460,428)**	(129,574)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**19,019,811**	2,497,000
Reinvestments of distributions to holders of redeemable units	**1,504,009**	129,596
Amount paid on redemption of redeemable units	**(3,729,337)**	(204,026)
	16,794,483	2,422,570
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**16,828,367**	2,459,697
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 21,075,418**	$ 4,247,051

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable Series A units	$ 1,494,312	$ 166,701
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investments at fair value	(20,788,452)	(2,637,308)
Proceeds on disposal of investments at fair value	6,220,878	1,237,427
Net realized loss on sale of investments at fair value	403,450	11,096
Net realized gain on foreign exchange	(426,957)	(10,498)
Net change in unrealized (appreciation) on investments at fair value	(732,076)	(28,278)
Changes in operating assets and liabilities		
Subscriptions receivable	(455,471)	(34,832)
Accounts payable and accrued liabilities	25,162	5,569
Net cash used in operating activities	(14,259,154)	(1,290,123)
CASH FLOWS FROM INVESTING ACTIVITY		
Advances to related party	(563,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	19,019,811	2,497,000
Amount paid on redemption of redeemable units	(3,729,337)	(204,026)
Distributions from net investment income, net of reinvestments	43,581	22
Net cash provided by financing activities	15,334,055	2,292,996
NET INCREASE IN CASH	511,901	1,002,873
CASH, BEGINNING OF YEAR	1,017,641	14,768
CASH, END OF YEAR	$ 1,529,542	$ 1,017,641

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments owned	Number of shares	Average cost	Fair value	% of net asset value
		$	$	
Canadian equities and mutual funds				
Garmatex Technologies Inc	200,000	100,000	100,000	0.48%
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	160,107	1,618,747	1,620,369	7.69%
Total Canadian equities and mutual funds		1,718,747	1,720,369	8.17%
United States Equities				
DSG Global Inc.	80,000	131,470	138,840	0.66%
Advanced Voice Recognition Systems Inc.	1,230,500	68,768	8,542	0.04%
Total United States Equities		200,238	147,382	0.70%
Warrants				
Garmatex Technologies Inc - March 30, 2017	70,000	-	-	0.00%
Garmatex Technologies Inc - June 16, 2017	60,000	-	-	0.00%
Total Warrants		-	-	-
Debenture				
Garmatex Technologies Inc - 10.0% January 28, 2016	30,000	30,000	30,000	0.14%
CAD/USD Futures Contracts				
No. of contracts				
35 $100,000 CAD/USD Contract due March 2016			(36,055)	-0.17%
Commercial factoring contracts receivables (Note 10)		15,876,712	16,665,307	75.33%
Total investments		**17,825,697**	**18,527,003**	84.17%
Other assets, net			**2,548,415**	15.83%
Net Assets Attributable to Holders of Redeemable Series A Units			**21,075,418**	**100.00%**

The accompanying notes are an integral part of these financial statements

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The Crystal Wealth Enlightened Factoring Strategy (the “Fund”) is an open-ended mutual fund trust formed under the laws of the Province of Ontario on January 22, 2010 by an amendment to Schedule A to a Master Declaration of Trust, amended and restated as of September 27, 2015. The Fund was previously called the Crystal Enlightened Income Fund and was renamed on September 27, 2015, at which time the investment objective was also changed. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The investment objective of the Fund is to provide consistently positive total returns while seeking to protect against downside risk by investing primarily in commercial factoring contracts receivables. The Fund is also authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives.

Prior to September 27, 2015, the investment objective of the Fund was to provide a moderate level of current income and some long-term capital appreciation while seeking to protect against downside risk and negative effects from inflation by investing primarily in income-generating securities including bonds and mortgages, as well as mutual funds and exchange traded funds that invest in, or track the performance of, income-generating securities.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the “Manager”). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments
The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. The fair value of commercial factoring contracts receivables approximates their carrying value due to their short-term nature.

Futures contracts
Foreign exchange futures contracts, which are held as hedges for capital investments, are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized depreciation on futures contracts is included as investments at fair value on the Statement of Financial Position and included in "Net change in unrealized appreciation (depreciation) on investments at fair value" during the applicable year in the Statement of Comprehensive Income. Upon closing of the contracts, the gain or loss is included in "Net realized loss on sale of investments at fair value" on the Statement of Comprehensive Income.

Warrant contracts
Warrant contracts are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized depreciation on warrant contracts is included as investments at fair value on the Statement of Financial Position and included in “Net change in unrealized appreciation (depreciation) on investments at fair value” during the applicable year in the Statement of Comprehensive Income. Upon closing of the contracts, the gain or loss is included in “Net realized loss on sale of investments at fair value” on the Statement of Comprehensive Income.

2. Significant Accounting Policies (Continued)

(b) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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. Derivatives are also categorized as held for trading.

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, subscriptions receivable, due from related party, and accounts payable and accrued liabilities are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriated, at the contract's effective interest rate.

(c) Fair value measurements

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 1 and Level 2 at December 31, 2015, except for the Fund's investments in commercial factoring contracts receivables which are classified as Level 3.

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as a receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

Income from commercial factoring contract fees is recorded when earned and when collectability is reasonably assured.

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

2. Significant Accounting Policies (Continued)

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Income.

(i) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net asset value of the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the year.

(k) Increase in net assets attributable to holders of redeemable units per unit

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(l) Income taxes

The Fund qualifies as a "Quasi mutual fund trust" under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset. Refer to Note 6 for unused losses.

2. Significant Accounting Policies (Continued)

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity’s financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The most significant estimates that the Fund is required to make relate to the fair value of the commercial factoring contracts receivable. The estimates may include: assumptions regarding interest rates and the availability of credit; cost and terms of financing; and other factors affecting the underlying security of the commercial factoring contracts receivable.

The estimates and underlying assumptions 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 that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

3. Financial Instruments and Risk Management (Continued)

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 the Fund. The Fund is exposed to credit risk through its investments in commercial factoring contracts receivables. The Fund mitigates its exposure through security and guarantee requirements with the merchant. The Fund is also exposed to credit risk through its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. This risk has not changed from the previous year.

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. The interest rate pertaining to the investment in Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) as well as the rates pertaining to the investments in commercial factoring contracts receivables are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Schedule of Investment Portfolio identifies all securities denominated in foreign currencies. In addition, the Fund had $429,023 of USD cash (2014 - $12,655 of USD bank indebtedness), $1,835,878 of USD commercial factoring contracts receivables (2014 - $1,164,934), and $215,503 of USD accrued commercial factoring contract fees (2014 - $Nil) at December 31, 2015.

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $32,000 (2014 - $1,300). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS

3. Financial Instruments and Risk Management (Continued)

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $93,000 as at December 31, 2015 (2014 - $39,000).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

5. Redeemable Units (Continued)

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014
Units, beginning of year	**431,611**	191,838
Units issued	**1,933,250**	247,195
Units redeemed	**(377,982)**	(20,591)
Units reinvested	**153,280**	13,169
Units, end of year	**2,140,159**	431,611

6. Income Taxes

As at December 31, 2015, the Fund has non-capital loss carry forwards of $Nil. In addition, the Fund has net capital losses of $65,850 which can be carried forward indefinitely and applied to future capital gains.

7. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charged to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

8. Related Party Transactions

The amount due from Crystal Wealth High Yield Mortgage Strategy is unsecured, bears interest at 5% and is due on demand. The Funds are related through common directors, trustees, officers and Fund management. The Fund received $27,300 (2014 - $Nil) of interest income in the year from a related party.

`8. Related Party Transactions (Continued)

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the Underlying Crystal Wealth Funds to the Fund and is included in interest and other income of the Fund.

Included in interest and other income are $82,833 (2014 - $173,561) of interest distributions and $22,542 (2014 - $35,532) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) and $14 (2014 - $13,649) of interest distributions and $13 (2014 - $6,500) of management fee distributions received from Crystal Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund). As at December 31, 2015, the Fund held 160,107 units (2014 - 72,568) of the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $1,620,369 (2014 - $733,023) which represents 7.69% (2014 - 17.27%) of the total net asset value, and Nil units (2014 – 38) of the Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) with a fair value of $Nil (2014 - $380), which represents Nil% (2014 – 0.01%) of the total net asset value. As at December 31, 2015, ACM Growth Fund held 328,942 units (2014 – Nil) of the Fund with a fair value of $3,239,286 (2014 - $Nil), ACM Income Fund held 25,177 units (2014 – Nil) of the Fund with a fair value of $247,938 (2014 - $Nil), and Crystal Enlightened Resource and Precious Metals Fund held 57,838 units (2014 – Nil) of the Fund with a fair value of $569,562 (2014 - $Nil).

9. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the year	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 1,494,312**	**1,145,511**	**$ 1.30**
2014	$ 166,701	207,003	$ 0.81

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. Commercial Factoring Contracts Receivables

The table below summarizes the commercial factoring contracts receivable at December 31, 2015 relating to advances on eligible accounts receivables:

Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $600,000 per week. Contract fees of 18% are charged in respect of the outstanding receivable balance on a monthly basis.	**$ 2,789,582**
Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $5,000,000. Contract fees of 18% are charged in respect of the outstanding receivable balance on a monthly basis.	**910,127**
Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $2,000,000. Contract fees of 18% are charged in respect of the outstanding receivable balance on a monthly basis.	**1,449,557**
Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $250,000. Contract fees of 18% are charged in respect of the outstanding receivable balance on a monthly basis.	**52,127**
Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $600,000. Contract fees of 18% are charged in respect of the outstanding receivable balance on a monthly basis.	**544,737**
Commercial factoring contract receivable, with repayment expected on April 30, 2016 and guaranteed on November 6, 2016. The maximum authorized advance amount is $9,612,000. Contract fees are fixed at an amount of $1,529,510 and accrued on a monthly basis as earned.	**8,804,500**
Commercial factoring contract receivable, with no specific terms of repayment. The maximum authorized advance amount is $3,000,000. Contract fees of 13% are charged on a monthly basis in respect of the outstanding receivable balance relating to the first advance of $1,000,000. Contract fees of 44.15% are charged on a monthly basis in respect of the outstanding receivable balance relating to the second advance of $1,000,000. Effective January 15, 2016, contract fees of 18% are charged in respect of the outstanding receivable balances relating to the first and second advance.	**2,114,677**
	$ 16,665,307

CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY (FORMERLY CRYSTAL ENLIGHTENED INCOME FUND) NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. Commercial Factoring Contracts Receivables (Continued)

The Fund maintains senior first priority ownership in all accounts purchased as well as a senior and first priority security interest in all other accounts receivable and proceeds thereof.

Reconciliation of Level 3 Fair Value Measurements of Financial Assets:

		2015		2014
Commercial Factoring Contracts Receivables, beginning of year	**$**	**2,431,611**	$	-
Advances		**15,468,622**		2,431,611
Repayments		**(2,023,521)**		-
Accrued commercial factoring contract fees		**788,595**		-
Commercial Factoring Contracts Receivables, end of year	**$**	**16,665,307**	$	2,431,611

There were no transfers into or out of Level 3 for the year ending December 31, 2015.

11. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015					
Fund		**Total Net Asset Value of Investee Fund**		**Investment fair value**	**% of net assets attributable to holders of redeemable units**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund	**$**	**49,757,146**	**$**	**1,620,369**	**3.26%**

The Fund has determined that the Fund ('Investee Fund') in which it invests is an unconsolidated structured entity. This represents a significant judgement by the Fund and generally because decision making about the Investee Fund's investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Fund finances their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Fund.

The change in fair value of the Investee Fund is included in the Statements of Comprehensive Income in ‘Net change in unrealized appreciation (depreciation) on investments at fair value’.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

12. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

Financial Statements of

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND

For the year ended December 31, 2015

Financial Statements of

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Enlightened Resource and Precious Metals Fund

We have audited the accompanying financial statements of Crystal Enlightened Resource and Precious Metals Fund, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive loss, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Enlightened Resource and Precious Metals Fund as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2015	2014
ASSETS		
Current assets		
Cash	**$ 211,226**	$ 214,946
Investments at fair value	**2,259,903**	3,166,707
Receivable for investment securities sold	**74,975**	-
Accounts receivable	**5,214**	-
Total assets	**2,551,318**	3,381,653
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**5,079**	8,719
Total liabilities (excluding net assets attributable to holders of redeemable units)	**5,079**	8,719
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ 2,546,239**	$ 3,372,934
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)	**691,514**	783,271
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$ 3.68**	$ 4.31

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31		2015		2014
INCOME				
Interest and other income (Note 8)	$	**207,501**	$	179,735
Net realized loss on sale of investments at fair value		**(149,099)**		(406,340)
Net realized loss on foreign exchange		**(538)**		(66,151)
Net change in unrealized depreciation on investments at fair value		**(370,789)**		(54,912)
		(312,925)		(347,668)
EXPENSES (Note 7)				
Administration fees		**65,292**		68,818
Interest and bank charges		**3,882**		18,549
Management fees		**62,878**		82,752
Transaction costs		**8,635**		7,370
		140,687		177,489
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**(453,612)**	$	(525,157)
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 9)	**$**	**(0.61)**	$	(0.67)

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 3,372,934**	$ 3,871,903
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(453,612)**	(525,157)
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(44)**	(115)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**70,396**	438,279
Reinvestments of distributions to holders of redeemable units	**111**	115
Amount paid on redemption of redeemable units	**(443,546)**	(412,091)
	(373,039)	26,303
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(826,695)**	(498,969)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 2,546,239**	$ 3,372,934

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets attributable to holders of redeemable Series A units	**$ (453,612)**	$ (525,157)
Adjustments to reconcile decrease in net assets attributable to holders of redeemable Series A units to cash provided by (used in) operating activities		
Purchase of investments at fair value	**(3,599,188)**	(5,491,847)
Proceeds on disposal of investments at fair value	**3,978,286**	5,130,404
Net realized loss on sale of investments at fair value	**149,099**	406,340
Net realized loss on foreign exchange	**538**	66,151
Net change in unrealized depreciation on investments at fair value	**370,789**	54,912
Changes in operating assets and liabilities		
Receivable for investment securities sold	**(74,975)**	233,796
Accounts receivable	**(5,214)**	-
Accounts payable and accrued liabilities	**3,640**	4,423
Redemptions payable	**-**	(301)
Cash provided by (used in) operating activities	**369,363**	(121,279)
CASH FLOWS FROM INVESTING ACTIVITY		
Repayments from related parties	**-**	424,617
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	**70,396**	438,279
Amount paid on redemption of redeemable units	**(443,546)**	(412,206)
Distributions from net investment income, net of reinvestments	**67**	112
Repayment of bank indebtedness	**-**	(176,475)
Cash used in financing activities	**(373,083)**	(150,290)
NET INCREASE (DECREASE) IN CASH	**(3,720)**	153,048
CASH, BEGINNING OF YEAR	**214,946**	61,898
CASH, END OF YEAR	**$ 211,226**	$ 214,946

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments owned	Number of shares	Average cost	Fair value	% of net asset value
		$	$	
CANADIAN EQUITIES AND MUTUAL FUNDS - 87.87%				
Almaden Minerals Ltd	14,000	19,907	13,440	0.53%
Almadex Minerals Ltd	8,400	-	1,302	0.05%
Astorius Resources Ltd	69,500	10,770	869	0.03%
Chieftain Metals Inc	69,351	19,831	4,681	0.18%
Crystal Enlightened Bullion Fund	20,017	200,161	199,635	7.84%
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	57,838	568,175	569,562	22.38%
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	81,688	826,329	826,733	32.48%
Garmatex Technologies Inc	70,000	35,000	35,000	1.37%
Inca One Gold Corp	1,947,745	339,569	179,297	7.04%
Largo Resources Ltd	8,000	20,320	2,360	0.09%
Miranda Gold Corp	347,735	51,429	22,603	0.89%
Mountainstar Gold Inc	333,833	50,048	50,170	1.97%
Novo Resources Corp	312,260	257,032	181,111	7.11%
Pacific Booker Minerals Inc	51,200	359,072	106,240	4.17%
Pilot Gold Inc	33,640	34,663	10,261	0.40%
Riverside Resources Inc	114,250	44,471	16,567	0.65%
Rubicon Minerals Corp	33,800	29,445	4,056	0.16%
Rye Patch Gold Corp	104,000	17,160	13,520	0.53%
TOTAL CANADIAN EQUITIES AND MUTUAL FUNDS		2,883,382	2,237,407	87.87%
UNITED STATES EQUITY - 0.56%				
Advanced Voice Recognition	2,032,500	108,396	14,065	0.56%
FOREIGN EQUITY - 0.36%				
Silver Lake Resources Ltd	50,990	153,554	9,254	0.36%
WARRANTS - 0.05%				
Alamos Gold Inc - August 30, 2018	9,305	30,241	1,396	0.05%
Garmatex Technologies Inc - March 30, 2017	35,000	-	-	0.00%
Mountainstar - August 31, 2017	166,667	-	-	0.00%
Novo Resources Corp - July 24, 2017	96,160	-	-	0.00%
TOTAL WARRANTS		30,241	1,396	0.05%

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments owned		Number of shares	Average cost	Fair value	% of net asset value
FUTURES CONTRACTS - (0.09%)					
No. of contracts					
2	$100,000 CAD/USD Futures contract, due March 2016		(7)	(2,219)	-0.09%
Total investments			**3,175,566**	**2,259,903**	**88.75%**
Other assets, net				**286,336**	**11.25%**
Net Assets Attributable to Holders of Redeemable Series A units				**2,546,239**	**100.00%**

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The Crystal Enlightened Resource and Precious Metals Fund (the "Fund") is an open-ended mutual fund trust formed under the laws of the Province of Ontario on August 14, 2009 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The investment objective of the Fund is to generate positive absolute annual returns by investing primarily in securities with economic exposure to the global resource and precious metals sector. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted
The following new standards and amendments to existing standards were issued by the IASB:

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

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (Continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

(i) Futures contracts

Foreign exchange futures contracts, which are held as hedges for capital investments, are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized depreciation on futures contracts is included in investments at fair value on the Statement of Financial Position and included in "Net change in unrealized depreciation on investments at fair value" during the applicable year in the Statement of Comprehensive Loss. Upon closing of the contracts, the gain or loss is included in "Net realized loss on sale of investments at fair value" on the Statement of Comprehensive Loss.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(a) Valuation of investments (continued)

(ii) Warrant contracts

Warrant contracts are valued on each business day at the gain or loss that would be realized if the position in the contracts were closed out.

The unrealized depreciation on warrant contracts is included as investments at fair value on the Statement of Financial Position and included in “Net change in unrealized appreciation (depreciation) on investments at fair value” during the applicable year in the Statement of Comprehensive Income. Upon closing of the contracts, the gain or loss is included in “Net realized loss on sale of investments at fair value” on the Statement of Comprehensive Income.

(b) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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. Derivatives are also categorized as held for trading.

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, receivable for investment securities sold, accounts receivable, and accounts payable and accrued liabilities are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriate, at the contract's effective interest rate.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(c) Fair value measurements

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 1 and Level 2 at December 31, 2015.

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments at fair value are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Loss.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Loss.

(i) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund received an amount equal to the net asset value per unit on the date of sale. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units in the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the year.

(k) Decrease in net assets attributable to holders of redeemable units per unit

Decrease in net assets attributable to holders of redeemable units per unit is based on the decrease in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(l) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset. Refer to Note 6 for unused losses.

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by is offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

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 Fund is exposed to credit risk as at December 31, 2015 through its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. This risk has not changed from the previous year.

3. Financial Instruments and Risk Management (Continued)

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund's assets are primarily invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise. This risk has not changed from the previous year.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. Interest rates pertaining to the investments in the Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) and the Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund) are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk. This risk has not changed from the previous year.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Schedule of Investment Portfolio identifies all securities denominated in foreign currencies. In addition, the Fund had $105,739 of USD cash (2014 - $96,640 bank indebtedness) and $163 of AUD bank indebtedness (2014 - $156 bank indebtedness) on December 31, 2015, offset in the cash.

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $8,400 (2014 - $2,800). In practice, actual results may differ from this sensitivity analysis and the difference could be material. This risk has not changed from the previous year.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $113,000 as at December 31, 2015 (2014 - $158,000).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of a proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014
Units, beginning of year	**783,271**	781,778
Units issued	**16,257**	84,635
Units redeemed	**(108,039)**	(83,166)
Units reinvested	**25**	24
Units, end of year	**691,514**	783,271

6. Income Taxes

The Fund has non-capital loss carry forwards of $189,955, which expire commencing in 2030. In addition, the Fund has net capital losses of $1,169,039 which can be carried forward indefinitely and applied to future capital gains.

7. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charge to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operation including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

8. Related Party Transactions

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in interest and other income of the Fund.

Included in interest and other income are $111,408 (2014 - $108,344) of interest distributions and $25,562 (2014 - $22,172) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), $57,413 (2014 - $Nil) of interest distributions and $10,762 (2014 - $Nil) of management fee distributions received from Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), and $20 (2014 - $30,517) of interest distributions and $10 (2014 - $15,011) of management fee distributions received from Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund). As at December 31, 2015, the Fund held 81,688 (2014 - 173,359) units of the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $826,733 (2014 - $1,751,126), which represents 32.48% (2014 - 51.92%) of the total net asset value, 57,838 units (2014 - Nil) of the Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) with a fair value of $569,562 (2014 - $Nil) which represents 22.38% (2014- Nil%) of the total net asset value, and 20,017 units (2014 - Nil) of the Crystal Enlightened Bullion Fund with a fair value of $199,635 (2014 - $Nil) which represents 7.84% (2014- Nil%) of the total net asset value.

CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. Decrease in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The decrease in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Decrease in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the year	Decrease in net assets attributable to holders of redeemable Series A units per unit
2015	**$ (453,612)**	**739,691**	**$ (0.61)**
2014	$ (525,157)	782,692	$ (0.67)

10. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015			
Fund	**Total Net Asset Value of Investee Fund**	**Investment fair value**	**% of net assets attributable to holders of redeemable Series A units**
Crystal Enlightened Bullion Fund	**$ 337,757**	**$ 199,635**	**59.10%**
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	**21,075,418**	**569,562**	**2.70%**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**49,757,147**	**826,733**	**1.70%**

The Fund has determined that the Funds, (Investee Funds) in which it invests are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Fund's investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Loss in ‘Net change in unrealized depreciation on investments at fair value’.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Financial Statements of

CRYSTAL ENLIGHTENED BULLION FUND

For the period from establishment, July 3, 2015, to December 31, 2015

Financial Statements of

CRYSTAL ENLIGHTENED BULLION FUND

For the period from establishment, July 3, 2015, to December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of Crystal Enlightened Bullion Fund

We have audited the accompanying financial statements of Crystal Enlightened Bullion Fund, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive loss, changes in net assets attributable to holders of redeemable units and cash flows for the period from establishment, July 3, 2015, to December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crystal Enlightened Bullion Fund as at December 31, 2015, and its financial performance and its cash flows for the for the period from establishment, July 3, 2015, to December 31, 2015, in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

CRYSTAL ENLIGHTENED BULLION FUND
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

Current assets		
Cash	**$**	**18,822**
Investment in bullion at fair value		**318,774**
Accounts receivable		**161**
TOTAL ASSETS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**337,757**
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)		**33,867**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	**$**	**9.97**

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED BULLION FUND
STATEMENT OF COMPREHENSIVE LOSS

FOR THE PERIOD FROM ESTABLISHMENT, JULY 3, 2015, TO DECEMBER 31, 2015

INCOME	
Net change in unrealized depreciation on investment in bullion at fair value	**$ (865)**
Other income	**161**
	(704)
EXPENSE (Note 6)	
Administration fees	**27**
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ (731)**
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 8)	**$ (0.18)**

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED BULLION FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE PERIOD FROM ESTABLISHMENT, JULY 3, 2015, TO DECEMBER 31, 2015

NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF PERIOD	$ -
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(731)**
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	
From net investment income	**(161)**
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issuance of redeemable units	**338,488**
Reinvestments of distributions to holders of redeemable units	**161**
	338,649
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS FOR THE PERIOD AND END OF THE PERIOD	**$ 337,757**

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED BULLION FUND
STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM ESTABLISHMENT, JULY 3, 2015, TO DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets attributable to holders of redeemable Series A units	**$**	**(731)**
Adjustments to reconcile decrease in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investment in bullion at fair value		**(319,639)**
Net change in unrealized depreciation on investment in bullion at fair value		**865**
Change in operating asset		
Accounts receivable		**(161)**
Net cash used in operating activities		**(319,666)**
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of redeemable units		**338,488**
NET INCREASE IN CASH FOR THE PERIOD AND CASH, END OF PERIOD	**$**	**18,822**

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED BULLION FUND
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investment in bullion	Ounces	Average cost	Fair value	% of net asset value
		$	$	
GOLD BULLION - 94.38%	**217**	**319,639**	**318,774**	**94.38%**
Other assets, net			**18,983**	**5.62%**
Net Assets Attributable to Holders of Redeemable Series A Units			**337,757**	**100.00%**

The accompanying notes are an integral part of these financial statements

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The Crystal Enlightened Bullion Fund (the “Fund”) is an open-ended unit trust formed under the laws of the Province of Ontario on July 3, 2015 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The investment objective of the Fund is to provide investors with the opportunity to invest in gold and silver bullion in a convenient way while simultaneously earning a yield on their bullion holdings. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the “Manager”). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These audited financial statements for the period from establishment, July 3, 2015, to December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted

The following new standards and amendments to existing standards were issued by the International Accounting Standards Board ("IASB"):

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (Continued)

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments
Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

When the London market is open for trading, gold bullion is priced at fair value by using the internationally recognized price benchmark set by the London Bullion Market Association (LBMA), the LBMA Gold Price PM. Gold has a price fix generally set twice daily, and identified by an AM or PM suffix. COMEX closing prices will be used when the London market is not open.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(b) Classification

The Fund classifies its investment in bullion as a financial asset at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading

A financial asset 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.

(i) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Fund's investment in bullion has been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash and accounts receivable are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriated, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investment in bullion are identical to those used in measuring its net asset value (Trading NAV) for transactions with unitholders.

(c) Fair value measurements

Investments are classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

The Fund’s investment in bullion was classified as Level 1 at December 31, 2015.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments at fair value are calculated on an average cost basis.

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of investments in bullion are recognized on the trade date, the date on which the Fund commits to purchase or sell the investment.

Realized gains and losses on investments in bullion are recognized in the Statement of Comprehensive Loss. Costs of investments in bullion are determined on an average-cost basis.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss had been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Loss.

(i) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(j) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund received an amount equal to the net asset value per unit on the date of sale. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units of the Fund is reduced by the related net asset value on the date of redemption.

(k) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the period.

(l) Decrease in net assets attributable to holders of redeemable units per unit

Decrease in net assets attributable to holders of redeemable units per unit is based on the decrease in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(m) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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 that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Board of Directors considers the currency of the primary economic environment in which the Fund operates to be the Canadian dollar, as this is the currency that, in their opinion, most faithfully represents the economic effects of underlying transactions, events and conditions. Furthermore, the Canadian dollar is the currency in which the Fund measures its performance, and also issues its redeemable units.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

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. Dispositions of bullion, if any, are with a major Canadian based mineral resource and processing company, thereby reducing the Fund’s exposure to credit risk. As at December 31, 2015, the Fund did not have any significant exposure to credit risk.

3. Financial Instruments and Risk Management (Continued)

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. The Fund's assets are invested in bullion, which is readily realizable and liquid. Therefore, the Fund's liquidity risk is minimal.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. The Fund's financial assets were non-interest bearing as at December 31, 2015. Accordingly, the Fund did not have any significant exposure to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Bullion is generally quoted and traded in US dollars and, as a result, the Fund is subject to foreign currency risk. The Fund does not hedge its foreign currency exposure.

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $16,000. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in a market. All investments present a risk of loss of capital. The manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $16,000 as at December 31, 2015.

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable Series A units could be materially different.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Series A Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units:

For the period from establishment, July 3, 2015, to December 31, 2015	
Units, beginning of period	-
Units issued	**33,851**
Units redeemed	**-**
Units reinvested	**16**
Units, end of period	**33,867**

6. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charge to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested. Management fees of $436 were waived in the period.

CRYSTAL ENLIGHTENED BULLION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. Management Fees and Expenses (Continued)

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

7. Related Party Transactions

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth High Yield Mortgage Strategy, and Crystal Wealth Retirement One Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in other income of the Fund.

As at December 31, 2015, Crystal Enlightened Resource and Precious Metals Fund held 20,017 units of the Fund with a fair value of $199,635.

8. Decrease in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The decrease in net assets attributable to holders of redeemable Series A units per unit for the period from establishment, July 3, 2015, to December 31, 2015 is calculated as follows:

	Decrease in net assets attributable to holders of redeemable Series A units	Weighted average number of redeemable Series A units outstanding during the period	Decrease in net assets attributable to holders of redeemable Series A units per unit
2015	**$ (731)**	**4,171**	**$ (0.18)**

Financial Statements of

ACM INCOME FUND

For the year ended December 31, 2015

Financial Statements of

ACM INCOME FUND

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of ACM Income Fund

We have audited the accompanying financial statements of ACM Income Fund, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of ACM Income Fund as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

ACM INCOME FUND
STATEMENT OF FINANCIAL POSITION

DECEMBER 31		2015		2014
ASSETS				
Current assets				
Cash	$	**2,309**	$	609,990
Investments at fair value		**8,485,442**		7,260,285
Accounts receivable		**15,092**		-
Subscriptions receivable		**550**		49,495
Total assets		**8,503,393**		7,919,770
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**8,176**		20,677
Total liabilities (excluding net assets attributable to holders of redeemable units)		**8,176**		20,677
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	$	**8,495,217**	$	7,899,093
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)		**833,968**		777,260
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	$	**10.19**	$	10.16

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

The accompanying notes are an integral part of these financial statements

ACM INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31		2015		2014 (6 months)
INCOME				
Interest and other income (Note 7)	**$**	**858,490**	$	306,702
Net realized gain on sale of investments at fair value		**602**		15,112
Net change in unrealized appreciation on investments at fair value		**55,028**		45,737
		914,120		367,551
EXPENSES (Note 6)				
Administration fees		**79,064**		30,063
Interest and bank charges		**607**		919
Management fees		**149,481**		64,330
Transaction costs		**350**		300
		229,502		95,612
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$**	**684,618**	$	271,939
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 8)	**$**	**0.84**	$	0.43

The accompanying notes are an integral part of these financial statements

ACM INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014 (6 months)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 7,899,093**	$ -
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**684,618**	271,939
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(665,696)**	(180,698)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**1,288,212**	7,704,481
Reinvestments of distributions to holders of redeemable units	**665,570**	181,221
Amount paid on redemption of redeemable units	**(1,376,580)**	(77,850)
	577,202	7,807,852
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**596,124**	7,899,093
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 8,495,217**	$ 7,899,093

The accompanying notes are an integral part of these financial statements

ACM INCOME FUND
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014 (6 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable Series A units	**$ 684,618**	$ 271,939
Adjustments to reconcile increase in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investments at fair value	**(1,921,820)**	(8,576,036)
Proceeds on disposal of investments at fair value	**752,293**	1,376,600
Net realized gain on sale of investments at fair value	**(602)**	(15,112)
Net change in unrealized appreciation on investments at fair value	**(55,028)**	(45,737)
Changes in operating assets and liabilities		
Accounts receivable	**(15,092)**	-
Subscriptions receivable	**48,945**	(49,495)
Accounts payable and accrued liabilities	**(12,501)**	20,677
Net cash used in operating activities	**(519,187)**	(7,017,164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	**1,288,212**	7,704,481
Amount paid on redemption of redeemable units	**(1,376,580)**	(77,850)
Distributions from net investment income, net of reinvestments	**(126)**	523
Net cash provided by (used in) financing activities	**(88,494)**	7,627,154
NET INCREASE (DECREASE) IN CASH	**(607,681)**	609,990
CASH, BEGINNING OF YEAR	**609,990**	-
CASH, END OF YEAR	**$ 2,309**	$ 609,990

The accompanying notes are an integral part of these financial statements

ACM INCOME FUND
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments owned	Number of shares	Average Cost	Fair value	% of net asset value
		$	$	
CANADIAN MUTUAL FUNDS - 99.88%				
Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund)	172,570	2,268,498	2,372,802	27.93%
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	25,177	247,552	247,938	2.92%
Cystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	579,484	5,869,500	5,864,702	69.03%
TOTAL CANADIAN MUTUAL FUNDS AND TOTAL INVESTMENTS		**8,385,550**	**8,485,442**	**99.88%**
Other assets, net			**9,775**	**0.12%**
Net Assets Attributable to Holders of Redeemable Series A Units			**8,495,217**	**100.00%**

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The ACM Income Fund (the “Fund”) is an open-ended mutual fund trust formed under the laws of the Province of Ontario on July 4, 2014 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The investment objective of the Fund is to provide a consistent level of current income while protecting against loss of capital. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the “Manager”). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted

The following new standards and amendments to existing standards were issued by the IASB:

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (Continued)

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments
The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

(b) Classification
The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) Financial assets held for trading
A financial asset 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.

(ii) Financial assets designated at fair value through profit or loss at inception
Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, accounts receivable, subscriptions receivable and accounts payable and accrued liabilities are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriate, at the contract's effective interest rate.

2. Significant Accounting Policies (Continued)

(c) Fair value measurements
Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 2 at December 31, 2015.

(d) Investment transactions and income recognition
Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments at fair value are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

(e) Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition
The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss had been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units in the Fund is reduced by the related net asset value on the date of redemption.

(i) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the year.

(j) Increase in net assets attributable to holders of redeemable units per unit

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(k) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit (if any) of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(l) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

(m) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with a fund. The Fund is exposed to credit risk through its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds' financial statements. This risk has not changed from the previous year.

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund's assets are

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. Financial Instruments and Risk Management (Continued)

Liquidity risk (continued)
invested in securities that can be readily disposed of as liquidity needs arise. This risk has not changed from the previous year.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. Interest rates pertaining to the investments in the Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) and the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk. This risk has not changed from the previous year.

Other price risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $424,000 as at December 31, 2015 (2014 - $363,000).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of a proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
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5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014 (6 months)
Units, beginning of year	**777,260**	-
Units issued	**126,187**	767,102
Units redeemed	**(134,921)**	(7,663)
Units reinvested	**65,442**	17,821
Units, end of year	**833,968**	777,260

6. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charged to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested.

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. Related Party Transactions

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Growth Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in interest and other income of the Fund.

Included in interest and other income are $542,363 (2014 - $241,393) of interest distributions and $124,426 (2014 - $40,060) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), $9,760 (2014 - $Nil) of interest distributions received from Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), and $120,328 (2014 - $Nil) of interest distributions and $47,731 (2014 - $25,181) of management fee distributions from Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund). As at December 31, 2015, the Fund held 579,484 units of the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $5,864,702 which represents 69.03% of the total net asset value, 25,177 units of the Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) with a fair value of $247,938 which represents 2.92% of the total net asset value, and 172,570 units of Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund) with a fair value of $2,372,802 which represents 27.93% of the total net asset value.

8. Increase in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase in net assets attributable to holders of redeemable Series A units	Weighted average of redeemable Series A units outstanding during the year	Increase in net assets attributable to holders of redeemable Series A units per unit
2015	**$ 684,618**	**814,698**	**$ 0.84**
2014	$ 271,939	636,952	$ 0.43

ACM INCOME FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015 Fund	Total Net Asset Value of Investee Fund	Investment fair value	% if net assets attributable to holders of redeemable Series A units
Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund)	**$ 9,133,037**	**$ 2,372,802**	**25.98%**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	**49,757,146**	**5,864,702**	**11.79%**
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	**21,075,418**	**247,938**	**1.18%**

The Fund has determined that the Funds ('Investee Funds') in which it invests are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Income in 'Net change in unrealized appreciation on investments at fair value'.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Financial Statements of

ACM GROWTH FUND

For the year ended December 31, 2015

Financial Statements of

ACM GROWTH FUND

For the year ended December 31, 2015

Contents

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BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Unitholders of ACM Growth Fund

We have audited the accompanying financial statements of ACM Growth Fund, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of ACM Growth Fund as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 30, 2016

ACM GROWTH FUND
STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2015	2014
ASSETS		
Current assets		
Cash	$ -	$ 187,235
Investments at fair value	12,069,226	10,439,866
Accounts receivable	10,802	-
Total assets	12,080,028	10,627,101
LIABILITIES		
Current liabilities		
Bank indebtedness	2,070,883	-
Accounts payable and accrued liabilities	-	17,174
Redemptions payable	2,670	7,500
Total liabilities (excluding net assets attributable to holders of redeemable units)	2,073,553	24,674
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	$ 10,006,475	$ 10,602,427
NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)	1,151,208	1,079,434
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT	$ 8.69	$ 9.82

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

ACM GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31	2015	2014 (6 months)
INCOME		
Interest and other income (Note 7)	**$ 667,500**	$ 239,141
Commercial factoring contract fee (Note 9)	**69,256**	-
Net realized gain (loss) on sale of investments at fair value	**(1,079,346)**	91,336
Net realized gain (loss) on foreign exchange	**7,997**	(12,408)
Net change in unrealized depreciation on investments at fair value	**(211,469)**	(173,965)
	(546,062)	144,104
EXPENSES (Note 6)		
Administration fees	**108,827**	24,007
Interest and bank charges	**69,000**	1,831
Management fees	**178,083**	81,067
Transaction costs	**49,621**	12,373
	405,531	119,278
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**$ (951,593)**	$ 24,826
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 8)	**$ (0.86)**	$ 0.03

The accompanying notes are an integral part of these financial statements

ACM GROWTH FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED DECEMBER 31	2015	2014 (6 months)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR	**$ 10,602,427**	$ -
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(951,593)**	24,826
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From net investment income	**(356,916)**	(164,822)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issuance of redeemable units	**1,042,031**	10,720,009
Reinvestments of distributions to holders of redeemable units	**357,118**	165,330
Amounts paid on redemption of redeemable units	**(686,592)**	(142,916)
	712,557	10,742,423
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS	**(595,952)**	10,602,427
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR	**$ 10,006,475**	$ 10,602,427

The accompanying notes are an integral part of these financial statements

ACM GROWTH FUND
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014 (6 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable Series A units	**$ (951,593)**	$ 24,826
Adjustments to reconcile increase (decrease) in net assets attributable to holders of redeemable Series A units to net cash used in operating activities		
Purchase of investments at fair value	**(19,077,410)**	(12,047,309)
Proceeds on disposal of investments at fair value	**16,165,232**	1,512,406
Net realized (gain) loss on sale of investments at fair value	**1,079,346**	(91,336)
Net realized (gain) loss on foreign exchange	**(7,997)**	12,408
Net change in unrealized depreciation on investments at fair value	**211,469**	173,965
Changes in operating assets and liabilities		
Accounts receivable	**(10,802)**	-
Accounts payable and accrued liabilities	**(17,174)**	17,174
Redemptions payable	**(4,830)**	7,500
Net cash used in operating activities	**(2,613,759)**	(10,390,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	**1,042,031**	10,720,009
Amount paid on redemption of redeemable units	**(686,592)**	(142,916)
Distributions from net investment income, net of reinvestments	**202**	508
Increase in bank indebtedness	**2,070,883**	-
Net cash provided by financing activities	**2,426,524**	10,577,601
NET INCREASE (DECREASE) IN CASH	**(187,235)**	187,235
CASH, BEGINNING OF YEAR	**187,235**	-
CASH, END OF YEAR	**$ -**	$ 187,235

The accompanying notes are an integral part of these financial statements

ACM GROWTH FUND
SCHEDULE OF INVESTMENT PORTFOLIO

DECEMBER 31, 2015

Investments Owned	Number of shares	Average cost	Fair value	% of net asset value
		$	$	
CANADIAN EQUITIES AND MUTUAL FUNDS - 99.70%				
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)	328,942	3,229,817	3,239,287	32.37%
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)	235,849	2,388,643	2,386,921	23.85%
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	44,534	448,808	447,985	4.48%
Fission Uranium Corp	200,000	230,000	164,000	1.64%
Pacific Booker Minerals Inc	80,000	329,053	166,000	1.66%
Prometic Life Sciences Inc	250,000	613,625	840,000	8.39%
Rubicon Minerals Corp	150,000	202,500	18,000	0.18%
Sentry Money Market	157,071	1,570,708	1,570,708	15.70%
Sentry Precious Metals Fund	17,798	721,119	546,091	5.46%
Sentry Real Estate Fund	35,186	583,921	596,971	5.97%
TOTAL CANADIAN EQUITIES AND MUTUAL FUNDS		10,318,194	9,975,963	99.70%
UNITED STATES EQUITY - 0.24%				
Pacific Booker Minerals Inc	11,800	69,827	24,007	0.24%
COMMERCIAL FACTORING CONTRACT RECEIVABLE (Note 9)		2,000,000	2,069,256	19.99%
Total investments		**12,388,021**	**12,069,226**	119.93%
Other assets, net			**(2,062,751)**	-19.93%
Net Assets Attributable to Holders of Redeemable Series A Units			**10,006,475**	100.00%

The accompanying notes are an integral part of these financial statements

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. The Fund

The ACM Growth Fund (the "Fund") is an open-ended mutual fund trust formed under the laws of the Province of Ontario on July 4, 2014 by an amendment to Schedule A to a Master Declaration of Trust dated April 12, 2007, amended and restated as of September 27, 2015. The investment objective of the Fund is to provide long-term capital appreciation while minimizing the risk of loss of capital. The address of the Fund's registered office is 3385 Harvester Road, Suite 200 Burlington, ON L7N 3N2.

The Fund is not a reporting issuer under securities legislation and, therefore, is relying on National Instrument 81-106 for exemption from the requirement to file financial statements with the applicable securities regulatory authorities.

The Investment Manager of the Fund is Crystal Wealth Management System Limited (the "Manager"). The Manager is responsible for directing the affairs, providing the day-to-day management services and managing the investment portfolio of the Fund.

2. Significant Accounting Policies

Basis of Presentation
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited financial statements for the year ended December 31, 2015 were authorized for issue by the Manager on March 30, 2016.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and are presented in Canadian dollars, which is the Fund's functional and presentation currency.

New Standards, Interpretations and Amendments not yet Adopted
The following new standards and amendments to existing standards were issued by the IASB:

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

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted (continued)

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Fund is currently evaluating the impact of IAS 1 on its financial statements.

The following summarizes the accounting policies of the Fund:

(a) Valuation of investments
The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that 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. If the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking prices to the net open position, as appropriate. The fair value of the commercial factoring contract receivable approximates its carrying value due to its short-term nature.

(b) Classification
The Fund classifies its investments as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and financial assets designated at fair value through profit or loss at inception.

(i) <u>Financial assets held for trading</u>
A financial asset 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.

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(b) Classification (continued)

(ii) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Fund's documented investment strategy.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss (FVTPL). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. Cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and redemptions payable are measured at amortized cost. Under this method, the amount required to be received or paid, is discounted, when appropriated, at the contract's effective interest rate.

(c) Fair value measurements

Investments at fair value are each classified into one of three fair value levels.

The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and,
- Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Fund's investments at fair value were classified as Level 1 and Level 2 at December 31, 2015, except for the Fund’s investment in a commercial factoring contract receivable, which was classified as Level 3.

(d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any unsettled sales or purchases of investments are reflected as receivable for investment securities sold or payable for investment securities purchased. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation (depreciation) of investments at fair value are calculated on an average cost basis.

Distributions received from funds are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital.

Income from contract fees is recorded when earned and when collectability is reasonably assured.

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Recognition/derecognition

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date, the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income (Loss).

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when the Fund's obligations are discharged, cancelled or they expire. Financial liabilities arising from the redeemable units issued by the Fund are presented at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(g) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Translation of foreign currencies

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Resulting exchange differences are recognized in the Statement of Comprehensive Income (Loss).

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(i) Valuation of redeemable fund units

The Fund's units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each week. The net asset value per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

Net asset value per unit of each class is calculated at 4:00 p.m. (Eastern time) each business week by dividing the net assets of each class by its outstanding units. The net assets of each class are computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities, and less class specific liabilities. Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses, are allocated to each class of the Fund based on that class's prorata share of total net asset value of the Fund.

For each unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units in the Fund is reduced by the related net asset value on the date of redemption.

(j) Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of the particular class outstanding at the end of the year.

(k) Increase (decrease) in net assets attributable to holders of redeemable units per unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

(l) Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit (if any) of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

(m) Related parties

For the purpose of these financial statements, a party is considered related to the Fund if such party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity’s financial and operating decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant Accounting Policies (Continued)

(n) Critical estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because; the voting rights in the funds are not dominate rights in deciding who controls them as they relate to administrative tasks only; each fund's activities are restricted by its offering memorandum; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

The most significant estimate that the Fund is required to make relates to the fair value of the commercial factoring contract receivable. The estimate may include: assumptions regarding interest rates and the availability of credit; cost and terms of financing; and other factors affecting the underlying security of the commercial factoring contract receivable.

The estimates and underlying assumptions 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 that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Financial Instruments and Risk Management

The Fund may be exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). The level of risk depends on the Fund's investment objectives and the types of securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2015, and groups the investments by asset type, geographic region and/or market segment. All other assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

The following is a summary of the Fund's main risks:

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 Fund is exposed to credit risk through its investments in the Underlying Crystal Wealth Funds, as presented in the notes of the Underlying Crystal Wealth Funds’ financial statements. The Fund is also exposed to credit risk through its investment in commercial factoring contract receivables. The Fund mitigates its exposure through security and guarantee requirements with the merchant. This risk has not changed from the previous year.

3. Financial Instruments and Risk Management (Continued)

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current Trading NAV per unit at the option of the unitholder. All liabilities are payable within a year. The Fund's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise. This risk has not changed from the previous year.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Fund invests in interest-bearing financial instruments. Interest rates pertaining to the investments in the Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), and Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) are at fixed rates that are not directly impacted by changes in prevailing rates, thereby reducing the Fund's exposure to interest rate risk. As at December 31, 2015, the Fund did not have any significant exposure to interest rate risk. This risk has not changed from the previous year.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Schedule of Investment Portfolio identifies all securities denominated in foreign currencies. In addition, the Fund had $130,158 of USD cash at December 31, 2015 (2014 - $23,254).

If the Canadian Dollar had strengthened or weakened by 5% relative to other foreign currencies, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $10,207 (2014 - $62,431). In practice, actual results may differ from this sensitivity analysis and the difference could be material. This risk has not changed from the previous year.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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 a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5 percent change would be approximately $500,000 as at December 31, 2015 (2014 - $522,000).

The historical correlation may not be representative of the future correlation, and, accordingly, the future impact on net assets attributable to holders of redeemable units could be materially different.

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Capital Management

The capital of the Fund is represented by issued redeemable units with no par value. The unitholders are entitled to distributions, if any, and to payment of proportionate share of the Fund's net asset value per unit upon redemption. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies and the risk management practices outlined in Note 3, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

5. Redeemable Units

Redeemable units of the Fund, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value. The Fund is permitted to issue an unlimited number of Series of units and is authorized to issue an unlimited number of units of each series. The redeemable units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit which is determined as of the close of business each week. There are no differences between the NAV per unit of each class of the Fund and the Net Assets Attributable to Holders of Redeemable Units per Unit of each class of the Fund.

Summary of sale and redemption of Series A units for the year ended December 31

	2015	2014 (6 months)
Units, beginning of year	**1,079,434**	-
Units issued	**102,830**	1,077,232
Units redeemed	**(72,203)**	(14,583)
Units reinvested	**41,147**	16,785
Units, end of year	**1,151,208**	1,079,434

The Fund pays expenses related to its operations including professional fees, brokerage commissions, interest and administrative costs relating to the issue and redemption of units as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies.

6. Management Fees and Expenses

Pursuant to the management agreement between the Fund and the Manager, the Manager is to provide management and investment advisor services to the Fund. For this service, the Fund agrees to pay the Manager a management fee, which is calculated daily and payable monthly based on an annual rate of 2.00% of the net asset value.

To encourage large investments in the Fund, the Manager may reduce the management fee that would be charged to the Fund in respect of units held by an investor making a large investment. The amount of the reduction is distributed by the Fund (the "Management Fee Distribution") to the investor for whose benefit the fees were reduced. All Management Fee Distributions will be reinvested in additional units unless otherwise requested. Management fees of $21,579 (2014 - $Nil) were waived in the year.

7. Related Party Transactions

The Fund may invest in any one of the funds that are managed by the Manager ("Underlying Crystal Wealth Funds"). As of December 31, 2015, the Underlying Crystal Wealth Funds include Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund), Crystal Wealth Medical Strategy (Formerly Crystal Wealth Medical Income Fund), Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), ACM Income Fund, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), Crystal Wealth High Yield Mortgage Strategy, Crystal Wealth Retirement One Fund and Crystal Enlightened Bullion Fund.

No sales or redemption fees will be payable by the Fund in relation to its purchases or redemptions of units of the Underlying Crystal Wealth Funds, and no management fees or incentive fees will be payable by the Fund that would duplicate a fee payable by the Underlying Crystal Wealth Funds for the same service. Such a reduction in management fees is to be facilitated by an additional distribution from the underlying Crystal Wealth Funds to the Fund and is included in interest and other income of the Fund.

Included in interest and other income are $236,283 (2014 - $135,761) of interest distributions and $58,713 (2014 - $21,947) of management fee distributions received from Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund), $192,994 (2014 - $Nil) of interest distributions and $32,008 (2014 - $Nil) of management fee distributions received from Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund), and $29,716 (2014 - $33,961) of interest distributions and $13,325 (2014 - $16,902) of management fee distributions from Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund). As at December 31, 2015, the Fund held 235,849 units (2014 – 277,127) of the Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund) with a fair value of $2,386,921 (2014 - $2,799,295) which represents 23.85% (2014 – 26.40%) of the total net asset value, 328,942 units (2014 – Nil) of the Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund) with a fair value of $3,239,287 (2014 - $Nil) which represents 32.37% (2014 – Nil%) of the total net asset value and 44,534 units (2014 – 89,665) of Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund) with a fair value of $447,985 (2014 - $902,009) which represents 4.48% (2014 – 8.51%) of the total net asset value.

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Series A Units per Unit

The increase (decrease) in net assets attributable to holders of redeemable Series A units per unit for the year ended December 31 is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable Series A units	Weighted average of redeemable Series A units outstanding during the year	Increase (decrease) in net assets attributable to holders of redeemable Series A units per unit
2015	**$ (951,593)**	**1,112,632**	**$ (0.86)**
2014	$ 24,826	922,480	$ 0.03

9. Commercial Factoring Contract Receivable

There is one commercial factoring contract receivable at year end for $2,000,000 relating to an advance on eligible accounts receivables. Repayment is expected on April 30, 2016 and guaranteed on November 6, 2016. The maximum authorized advance amount is $2,388,000.

The Fund maintains senior first priority ownership interest in all accounts purchased as well as a senior and first priority security interest in all other accounts receivable and proceeds thereof.

Contract fees are fixed at an amount of $379,990 and are accrued on a monthly basis as earned. As at December 31, 2015, the accrued commercial factoring contract fee is $69,256 (2014 - $Nil).

Reconciliation of Level 3 Fair Value Measurements of Financial Assets:

	2015	2014
Commercial Factoring Contract Receivable, beginning of year	**$ -**	$ -
Advance	**2,000,000**	-
Accrued commercial factoring contract fee	**69,256**	-
Commercial Factoring Contract Receivable, end of year	**$ 2,069,256**	$ -

ACM GROWTH FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

December 31, 2015					
Fund		**Total Net Asset Value of Investee Fund**		**Investment fair value**	**% of net assets attributable to holders of redeemable Series A units**
Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)	**$**	**43,730,156**	**$**	**447,985**	**1.02%**
Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)		**49,757,146**		**2,386,921**	**4.80%**
Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)		**21,075,418**		**3,239,286**	**15.37%**

The Fund has determined that the Funds ('Investee Funds') in which it invests in are unconsolidated structured entities. This represents a significant judgement by the Fund and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Fund and other investors.

The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Funds.

The change in fair value of the Investee Funds is included in the Statement of Comprehensive Income (Loss) in 'Net change in unrealized depreciation on investments at fair value'.

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

This is Exhibit "D" referred to in the

Affidavit of Anthony Whitehouse sworn before me,

this 15th day of June, 2018

………………………………………………
A COMMISSIONER FOR TAKING AFFIDAVITS

DISTRIBUTIONS FROM THE RECEIVER

NATIONAL BANK
INDEPENDENT NETWORK

(1) CAD Locked-in Retirement Account (LIRA) | 27QF78-N

About Your Registered Account

Designated Beneficiary(ies)

As per Legislation or Designation/Estate

Cash Flow Summary

Opening Cash Balance on January 1, 2018			$ 2.21	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	0.00	0.00	0.00	0.00
Interest	0.00	9.20	9.20	9.20
Dividends	0.00	0.00	0.00	0.00
* Distributions	0.00	23,165.74	23,165.74	23,165.74
Other	0.00	0.00	0.00	0.00
Total	**0.00**	**23,174.94**	**23,174.94**	**23,174.94**
Closing Cash Balance on February 28, 2018			**23,177.15**	

(2) CAD Registered Retirement Savings Plan (RRSP) | 27QF78-S

About Your Registered Account

Designated Beneficiary(ies)

CONNOR WHITEHOUSE

	First 60 Days of Year ($)	Remainder of Year ($)	Year-to-Date ($)
Contributions	0.00	0.00	0.00

Cash Flow Summary

Opening Cash Balance on January 1, 2018			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	(126,161.98)	0.00	(126,161.98)	(126,161.98)
Interest	0.00	51.32	51.32	51.32
Dividends	0.00	0.00	0.00	0.00
* Distributions	0.00	126,161.98	126,161.98	126,161.98
Other	0.00	0.00	0.00	0.00
Total	**(126,161.98)**	**126,213.30**	**51.32**	**51.32**
Closing Cash Balance on February 28, 2018			**51.32**	

(3) CAD Cash Account I 27QF78-A

Cash Flow Summary

Opening Cash Balance on January 1, 2018			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	(42,502.55)	0.00	(42,502.55)	(42,502.55)
Interest	0.00	15.72	15.72	15.72
Dividends	0.00	0.00	0.00	0.00
* Distributions	0.00	42,502.55	42,502.55	42,502.55
Other	0.00	0.00	0.00	0.00
Total	(42,502.55)	42,518.27	15.72	15.72
Closing Cash Balance on February 28, 2018			15.72	

(4) CAD Tax-Free Savings Account (TFSA) I 27QF78-W

About Your Registered Account

Designated Beneficiary(ies)		Year-to-Date ($)
CONNOR WHITEHOUSE	Contributions	0.00

G0OK0018510O4004

Cash Flow Summary

Opening Cash Balance on January 1, 2018			$ 0.00	
	Activities For This Period			Year-to-Date
	Deductions ($)	Additions ($)	Net Amount ($)	($)
Investments Bought, Sold or Redeemed	0.00	0.00	0.00	0.00
Withdrawals or Deposits	(7,171.06)	0.00	(7,171.06)	(7,171.06)
Interest	0.00	2.65	2.65	2.65
Dividends	0.00	0.00	0.00	0.00
* Distributions	0.00	7,171.06	7,171.06	7,171.06
Other	0.00	0.00	0.00	0.00
Total	(7,171.06)	7,173.71	2.65	2.65
Closing Cash Balance on February 28, 2018			2.65	

ANTHONY WHITEHOUSE -and- **BDO CANADA LLP**
Plaintiff Defendant

Court File No. CV-17-579357-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT

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Fax: 647.689.2059

Lawyers for the Plaintiff
Anthony Whitehouse

Court File No. CV-17-579357-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

ANTHONY WHITEHOUSE

Plaintiff

and

BDO CANADA LLP

Defendant

AFFIDAVIT

I, Marlie Patterson-Earle, of the City of Brampton, in the Regional Municipality of Peel, MAKE OATH AND SAY:

1. I am a legal assistant with the law firm of Adair Goldblatt Bieber, the lawyers for the Plaintiff, and, as such, have knowledge of the matters contained in this affidavit. Where my knowledge is based on information and belief, I have stated the source of such knowledge and verily believe it to be true.

2. Attached hereto as **Exhibit "A"** is a copy of the issued Notice of Application of the Ontario Securities Commission, dated April 25, 2017, in *Ontario Securities Commission v. Crystal Wealth Management System Limited, et al.*, Court File No. CV-17-11779-00CL.

3. Attached hereto as **Exhibit "B"** is a copy of the Application Record of the Ontario Securities Commission, dated April 25, 2017, in Court File No. CV-17-11779-00CL.

4. Attached hereto as **Exhibit "C"** is a copy of the Motion Record of Grant Thornton Limited in its Capacity as Court-Appointed Receiver, dated June 22, 2017, in Court File No.

CV-17-11779-00CL, which includes a copy of the First Report of the Receiver, dated June 22, 2017.

5. Attached hereto as **Exhibit "D"** is a copy of the Supplement to the First Report to the Court of Grant Thornton Limited in its Capacity as Court-Appointed Receiver, dated June 29, 2017, in Court File No. CV-17-11779-00CL.

6. Attached hereto as **Exhibit "E"** is a copy of the Motion Record of Grant Thornton Limited in its Capacity as Court-Appointed Receiver, dated November 24, 2017, in Court File No. CV-17-11779-00CL, which includes a copy of the Second Report of the Receiver, dated November 24, 2017.

7. Attached hereto as **Exhibit "F"** is a copy of the Motion Record of Grant Thornton Limited in its Capacity as Court-Appointed Receiver, dated February 8, 2018, in Court File No. CV-17-11779-00CL, which includes a copy of the Supplement to the Second Report of the Receiver, dated February 8, 2018.

8. Attached hereto as **Exhibit "G"** is a copy of the unredacted Quiver Capital Inc. Report re: Crystal Wealth Media Fund, dated November 22, 2017.

9. Attached hereto as **Exhibit "H"** is a copy of the unredacted Asset Purchase Agreement between Grant Thornton Limited in its Capacity as Court-Appointed Receiver and Bron Releasing Inc., dated February 2, 2018.

10. I make this affidavit for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on June 14, 2018

Commissioner for Taking Affidavits

IRIS GRAHAM

MARLIE PATTERSON-EARLE

This is Exhibit "A" referred to in the

Affidavit of Marlie Patterson-Earle sworn before

me, this 14th day of June, 2018

....

A COMMISSIONER FOR TAKING AFFIDAVITS

IRIS GRAHAM

CV-17-11779-00CL
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, AS AMENDED

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

\- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

APPLICATION UNDER SECTION 129 OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, AS AMENDED

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List at 330 University Avenue, Toronto, Ontario on Wednesday, April 26, 2017, at 10:00 a.m., or as soon after that time as the matter can be heard.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: April 25, 2017

Issued by ______________________
Local registrar
C. Irwin
Registrar

Address of court office: 330 University Avenue, 7th floor a
Toronto, Ontario
M5G 1R7

TO: ALL THE PARTIES ON THE ATTACHED SERVICE LIST

APPLICATION

1. **THE APPLICANT MAKES APPLICATION FOR:**

a) An order, if necessary, abridging the time for service and filing of this notice of application and the application record and applicant's factum such that this application is properly returnable on April 26, 2017, or, in the alternative, validating service on the respondents, or in the further alternative, dispensing with same;

b) An order that the within application be consolidated, or alternatively heard at the same time, with the application to extend Freeze Directions commenced by the applicant by way of a notice of application issued through this Honourable Court on April 18, 2017 (CV-17-11769-00CL) (the "**Continuation Application**"), such that the Continuation Application is properly returnable on Wednesday, April 26, 2017;

c) An order pursuant to section 129 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act'):

i) appointing Grant Thornton Limited ("GTL") as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties of Crystal Wealth Management System Limited ("**Crystal Wealth**"), Clayton Smith ("**Smith**"), CLJ Everest Ltd. ("**CLJ Everest**"), 1150752 Ontario Limited ("**115**"), Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, and Crystal Wealth Retirement One Fund (all entities listed after 115 being collectively referred to as the "**Funds**" or "**Crystal Wealth**

Funds", and collectively with Crystal Wealth, CLJ Everest, and 115, the "**Crystal Wealth Respondents**"), including, without limitation, all of the assets, securities, funds or other property held by the Crystal Wealth Respondents on behalf of or in trust for any other person or company, and including any and all funds, securities, or other property frozen by Freeze Directions (identified below in paragraphs 2(aa)(ii) to (aa)(x)) issued by the Ontario Securities Commission (the "**Commission**") against the Crystal Wealth Respondents on April 6 and 7, 2017 (the "**Crystal Wealth Freeze Directions**") (collectively referred to with the assets, undertakings and properties of the Crystal Wealth Respondents, the "**Property**"); and

ii) appointing GTL as the Receiver of the account of the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**"), No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account, and directing Bank of Nova Scotia to pay all such funds in the Chrysalis Account to the Receiver or as the Receiver may otherwise direct in writing;

d) An order pursuant to subsections 126(5) and 126(5.1) of the Act continuing the Freeze Directions (identified below in paragraphs 2(aa)(i). and 2(aa)(xi)) issued by the Commission with respect to Chrysalis Yoga (the "**Chrysalis Yoga Freeze Directions**") until further order of this Honourable Court, with the exception: (i) that the funds in the Chrysalis Account be paid to the Receiver or as the Receiver may otherwise direct in writing, and that the Receiver have unrestricted access to the Chrysalis Account and records in connection therewith in accordance with its appointment herein; and (ii) that Chrysalis Yoga shall be permitted to use a bank account opened by Chrysalis Yoga at the Canadian Imperial Bank of Commerce, account no. 05162 010 59 37914 (the "**Chrysalis Yoga CIBC Account**"), for the sole purpose of operating Chrysalis Yoga's yoga studio business, and on the following terms:

i) the sole source of the funds deposited into the Chrysalis Yoga CIBC Account shall be from: (i) the parents of Shanine Lee Dennill ("**Dennill**"),

Dennill being the principal of Chrysalis Yoga; or (ii) clients of the yoga studio operated by Chrysalis Yoga, and not, directly or indirectly, from Smith and entities connected with or related to him as particularized in sub-paragraph ii) below;

ii) the Chrysalis Yoga CIBC Account shall not be used in any manner by, and the funds contained therein shall not be received from or distributed to, directly or indirectly, Smith or persons or entities connected with or related to Smith, including: (i) Crystal Wealth; (ii) any investment funds managed by Crystal Wealth including without limitation the Funds; (iii) CLJ Everest; (iv) 115; or (v) any other company associated with Smith; and

iii) copies of monthly bank statements for the Chrysalis Yoga CIBC Account shall forthwith be provided on a monthly basis by Chrysalis Yoga to Staff of the Ontario Securities Commission ("**Staff**"), until such time as Staff revokes or varies this requirement in writing, or the Ontario Securities Commission or Ontario Superior Court of Justice (Commercial List) orders otherwise;

e) An order authorizing the Receiver to complete, on behalf of CLJ Everest, the sale of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to an agreement of purchase and sale dated April 12, 2017 (the "**Sale Agreement**") and vesting title in the Mount Nemo Property to the Purchaser free and clear of any liens, claims, and encumbrances, and ordering that Smith, and any other occupants of the Mount Nemo Property, vacate the Mount Nemo Property forthwith so that the Receiver can deliver vacant possession of it in accordance with the Sale Agreement;

f) For the sole purpose of giving effect to the transaction contemplated by sub-paragraph e) above, an order directing the Land Titles Division of the Halton Land Registry Office (No. 20) to remove from title to the Mount Nemo Property the Certificate of Direction issued by the Ontario Securities Commission on April

13, 2017 and registered on title to the Mount Nemo Property on the same date as instrument no. HR1446942 (identified below in paragraph 2(bb));

g) An order authorizing the Receiver to make distributions from the sale proceeds of the Mount Nemo Property to the registered mortgagee of the Mount Nemo Property, without further order of the Court, subject to the Receiver satisfying itself as to the validity of such mortgage and the amounts claimed;

h) If necessary, an order appointing GTL as interim Receiver of all of the Property of the Crystal Wealth Respondents and of the Chrysalis Account;

i) Such further and other relief as counsel may advise and this Honourable Court may permit.

2. THE GROUNDS FOR THE APPLICATION ARE:

Investigation by the Ontario Securities Commission

(a) Enforcement Staff of the Ontario Securities Commission ("**Staff**") are conducting an investigation into the activities of Crystal Wealth and its principal, Smith, as well as the activities of companies connected to Smith, including CLJ Everest, for potential breaches of Ontario securities law;

(b) Staff have obtained evidence that demonstrates:

i. that Smith, Crystal Wealth and CLJ Everest may have participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud contrary to s. 126.1(1)(b) of the Act;

ii. that Smith and Crystal Wealth may have failed to act fairly, honestly and in good faith with clients, contrary to section 2.1 of Rule 31-505 – *Conditions of Registration*;

iii. that Smith and Crystal Wealth may have failed to comply with the standard of care expected of an Investment Fund Manager ("**IFM**") under s. 116 of the Act;

iv. that Crystal Wealth failed to comply with the Funds' obligations to deliver the Funds' audited financial statements for the calendar year ending December 31, 2016, according to sections 2.1, 2.2 and 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*; and

v. that Crystal Wealth failed to comply with its obligations to file its audited financial statements in compliance with subsection 21.10(3) of the Act and sections 12.10(2), 12.12, 12.13 and 12.14 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations*;

(c) Among other things, Staff have reason to believe that Smith and Crystal Wealth may have used investor monies from the largest of the funds managed by Crystal Wealth (the Media Fund, as defined below) for purposes other than those set out in the offering memorandum. As detailed below, Staff have reason to believe that Smith directed investor money from the Media Fund to a third party intermediary, and from there, the monies flowed to Smith (into his bank account) and his companies, CLJ Everest and 115, for uses unconnected with the business of the investment fund. Staff have traced some of these monies to the purchase of the Mount Nemo Property acquired by CLJ Everest, which Smith uses as his personal residence, and among other uses, to Chrysalis Yoga, a yoga studio for which Smith is described as the co-founder along with Dennill;

(d) On Friday, April 21, 2017, an Assistant Investigator in the Enforcement Branch of the Commission conducted a compelled examination of Dennill, who testified that Smith has provided $2.4 million to Chrysalis Yoga since its incorporation in 2009;

Smith

(e) Smith is an Ontario resident and the directing mind of Crystal Wealth. Smith holds a controlling interest in the shares of Crystal Wealth and is the sole officer and director of Crystal Wealth;

(f) Smith is registered in Ontario with the Commission as a dealing representative, an advising representative in the category of portfolio manager ("**PM**"), an advising representative in the category of Commodity Trading Manager, and as Crystal Wealth's Chief Compliance Officer ("**CCO**") and Ultimate Designated Person ("**UDP**"). As CCO and UDP, Smith bears responsibility for the firm's compliance with Ontario securities laws;

Crystal Wealth

(g) Crystal Wealth is a Burlington-based Ontario corporation, registered with the Commission in the categories of Exempt Market Dealer, Investment Fund Manager ("**IFM**"), PM and Commodity Trading Manager;

(h) Crystal Wealth has approximately 1,265 portfolio management clients with assets under management ("**AUM**") as at March 31, 2016 in discretionary accounts totaling \$139,524,613.77. Approximately 309 of these clients are located in Ontario. Crystal Wealth's clients were invested through discretionary accounts and of those approximately 94% were invested in the Crystal Wealth Funds managed by Crystal Wealth;

The Crystal Wealth Funds

(i) Crystal Wealth has created and manages the following 15 proprietary investment funds:

i. Crystal Wealth Media Strategy (the "**Media Fund**");

ii. Crystal Wealth Mortgage Strategy (the "**Mortgage Fund**");

iii. Crystal Enlightened Resource & Precious Metals Fund (the "**Enlightened Resource Fund**");

iv. Crystal Wealth Medical Strategy (the "**Medical Fund**");

v. Crystal Wealth Enlightened Factoring Strategy (the "**Factoring Fund**");

vi. ACM Growth Fund;

vii. ACM Income Fund;

viii. Crystal Wealth High Yield Mortgage Strategy (the "**High Yield Mortgage Fund**");

ix. Crystal Enlightened Bullion Fund;

x. Absolute Sustainable Dividend Fund (the "**Sustainable Dividend Fund**");

xi. Absolute Sustainable Property Fund (the "**Sustainable Property Fund**");

xii. Crystal Wealth Enlightened Hedge Fund (the "**Hedge Fund**");

xiii. Crystal Wealth Infrastructure Strategy (the "**Infrastructure Fund**");

xiv. Crystal Wealth Conscious Capital Strategy (the "**Conscious Capital Fund**"); and

xv. Crystal Wealth Retirement One Fund

(collectively, the "**Crystal Wealth Funds**" or the "**Funds**");

(j) The Crystal Wealth Funds are structured as open-ended mutual fund trusts, and distributed on an exempt basis, pursuant to offering memoranda ("**OMs**"). As the IFM of the Funds, Crystal Wealth manages the day-to day business of the Funds and oversees the Portfolio Manager function. As PM of the Funds, Crystal Wealth is required to make suitable investment decisions for the Funds' portfolios consistent with the respective Fund's investment objectives. As at January 30, 2017, the total Assets under Management ("**AUM**") for all of the Crystal Wealth Funds was approximately $177,237,747;

The Media Fund

(k) The largest of the Crystal Wealth Funds is the Media Fund, which had an AUM of $53,221,497 as at January 31, 2017. The business of the Media Fund involves the following:

i. Investors with discretionary managed accounts provide funds to Crystal Wealth to manage on their behalf in accordance with their investment objectives and agreements governing their accounts;

ii. As PM for the discretionary managed accounts, Crystal Wealth uses its discretionary authority to place investor funds into the proprietary funds it manufactures, such as the Media Fund;

iii. The Media Fund's investment objective is to earn interest income from loans made for film productions ("**Film Loans**");

iv. As PM for the Media Fund, Crystal Wealth decides in which Film Loans the Media Fund will invest;

v. Media House Capital (Canada) Corp. ("**MHC**") enters into agreements with film production companies to lend them money so that they can produce a film. The end borrower is the production company;

vi. MHC then sells those Film Loans to the Media Fund, and receives an up-front 10% fee, which is built into the principal of the Film Loan; and

vii. By virtue of owning units of the Media Fund, investors indirectly own the value of the Film Loan, which is reflected in the NAV of the Media Fund;

CLJ Everest and 115

(l) Smith's company, CLJ Everest, has the same registered office in Burlington, Ontario as 115. Smith is the sole shareholder, officer and director of CLJ Everest, which holds 28.26% of Crystal Wealth's outstanding shares and 100% of the shares of 115. 115 holds 63.5% of Crystal Wealth's outstanding shares;

Chrysalis Yoga

(m) Chrysalis Yoga is a yoga studio in Burlington that was co-founded by Smith;

Transfers of Monies from the Media Fund to Smith and CLJ Everest

(n) Staff's investigation has revealed that monies from the Media Fund, purportedly for the purchase of Film Loans, have flowed through either MHC or Bron Animation Inc. ("**Bron Animation**"), a company related to MHC, and ultimately into the accounts of Smith, CLJ Everest, 115, Chrysalis Yoga, and a joint account at TD Bank in the name of Smith and Lee Ann Smith;

(o) Staff's investigation to date has revealed that at least $9,634,200 was disbursed from the Media Fund's account, transferred to the accounts of MHC or Bron Animation, and from there Staff have traced $329,930 into the account of Smith, and $2,307,347.50 into the account of Smith's company, CLJ Everest. Staff have traced further transfers from the accounts of Smith and CLJ Everest totaling $187,000 to Chrysalis Yoga and at least $13,000 to a joint account in the name of Smith and Lee Ann Smith;

(p) Staff are still investigating these and other transfers from the Media Fund's account;

(q) Staff's investigation has also revealed that CLJ Everest acquired the Mount Nemo Property. CLJ Everest acquired this property through two payments totalling $1,455,585.13 which were funded largely with monies transferred to CLJ Everest from the Media Fund;

(r) On Smith's National Registration Database profile, the address for the Mount Nemo Property is listed as Smith's home address;

The Net Asset Value ("NAV") of the Media Fund

(s) Staff also have concerns about the existence and valuation of the Film Loans acquired by the Media Fund and it appears to Staff that the net asset value ("**NAV**") of the Media Fund may have been and continues to be materially overstated. Staff's concerns arise from Staff's review of the audit of the Media Fund's Financial Statements for the year ended December 31, 2015, and from email correspondence in which Smith appeared to acknowledge significant valuation issues with respect to certain Film Loans in the summer and fall of 2016;

(t) If the Media Fund's NAV were incorrect by being overvalued, investors' purchases and redemptions of the Media Fund's units would have been executed at incorrect, inflated prices. In other words, those investors who redeemed their Media Fund units may have received excess proceeds to the detriment of remaining and new investors. Further, those new investors may have paid too much for their units. In addition, if the Media Fund's NAV were overstated, it would similarly impact Funds that were invested in the Media Fund, and potentially the NAVs of each of those Funds;

Inter-Fund Investments and Loans

(u) As at April 7, 2017, there were investments by Crystal Wealth Funds in the units of other Crystal Wealth Funds ("**Inter-Fund Investments**") totalling \$22,694,777.01. Of that amount, seven of the Crystal Wealth Funds held \$11,218,727.32 in units of the Media Fund, three of the Crystal Wealth Funds held \$4,894,288.43 in units of the Factoring Fund and three Funds held \$4,841,079.30 in units in the Enlightened Hedge Fund. The extent and amount of Inter-Fund Investments is dynamic;

Failure to File or Deliver Financial Statements for Crystal Wealth and 12 of the 15 Funds

(v) Crystal Wealth was required to file audited annual financial statements for the year ended December 31, 2016 by March 31, 2017. The Crystal Wealth Funds were required to deliver their audited annual financial statements for the year ended December 31, 2016 by March 31, 2017;

(w) The 2016 financial statements for Crystal Wealth and the Crystal Wealth Funds were not delivered or filed prior to March 31, 2017. Crystal Wealth's auditor, was unable to complete audits of the 2016 financial statements for the Funds by March 31, 2017 other than for three Funds – the Sustainable Dividend Fund, the Conscious Capital Fund, and the Enlightened Resource Fund. Collectively, these three Funds represented 4.8% of the AUM of the Crystal Wealth Funds at January 31, 2017;

(x) BDO has advised Staff that it could not complete the audits of the 2016 financial statements for 12 of the 15 Funds, and for Crystal Wealth, as a result of Crystal Wealth's failure to furnish information requested by the auditor;

The Commission's Temporary Order

(y) On April 7, 2016, Staff obtained a temporary order (the "**Temporary Order**") providing that trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Smith and Crystal Wealth, with limited exceptions that permit Smith and Crystal Wealth to liquidate exchange-traded securities in the Funds with such proceeds being deposited into the account of the relevant fund (the Temporary Order modified and replaced a temporary order issued by the Commission on April 6, 2017);

(z) The Temporary Order also imposed terms and conditions on Crystal Wealth's registration, including the restriction on Crystal Wealth from accepting new clients, opening new client accounts, or accepting new client monies;

Freeze Directions and Certificate of Direction Issued By the Commission

(aa) As a result of this information, Staff sought and on April 6 and 7, 2017, the Commission issued, the following Freeze Directions:

i. Pursuant to s. 126(1)(a) of the Act, that the Bank of Nova Scotia, branch at 4519 Dundas Street, Burlington, Ontario, retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Chrysalis Yoga, including in the specified account;

ii. Pursuant to s. 126(1)(a) of the Act, that Interactive Brokers Canada Inc. retain all funds, securities or property on deposit or under the brokerage's control in the name of or otherwise under the control of ACM Growth Fund, Crystal Wealth Management System Limited, Crystal Wealth Strategic Yield Media Fund, Crystal Wealth Medical Income Fund and Crystal Enlightened Resource and Precious Metals Fund, including in the specified accounts;

iii. Pursuant to s. 126(1)(a) of the Act, that NBCN Inc. retain all funds, securities or property on deposit or under the brokerage's control in the name of or otherwise under the control of the Crystal Wealth Funds or Crystal Wealth, including in the specified accounts;

iv. Pursuant to s. 126(1)(a) of the Act, that the Royal Bank of Canada, 200 Bay Street, Toronto, Ontario branch retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Crystal Wealth, including in the specified accounts;

v. Pursuant to s. 126(1)(a) of the Act, that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Smith, including in the specified account;

vi. Pursuant to s. 126(1)(a) of the Act, that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of CLJ Everest, Crystal Wealth, Smith and Lee Ann Smith, including in the specified accounts;

vii. Pursuant to s. 126(1)(a) of the Act, that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Crystal Wealth Mortgage Strategy, including in the specified account;

viii. Pursuant to s. 126(1)(b) and (c) of the Act, that Smith refrain from withdrawing any funds, securities or property from the listed institutions, and directing Smith to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;

ix. Pursuant to s. 126(1)(b) and (c) of the Act, that Crystal Wealth refrain from withdrawing any funds, securities or property from the listed institutions, and directing Crystal Wealth to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;

x. Pursuant to s. 126(1)(b) and (c) of the Act, that CLJ Everest refrain from withdrawing any funds, securities or property from the listed institution, and directing CLJ Everest to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;

xi. Pursuant to s. 126(1)(b) and (c) of the Act, that Chrysalis Yoga refrain from withdrawing any funds, securities or property from the listed institution, and directing Chrysalis Yoga to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;

(collectively, the "**Freeze Directions**");

(bb) Staff also sought and on April 13, 2017, the Commission issued a Certificate of Direction pursuant to subsections 126(1)(a) and 126(4) of the Act to permit the registration of a Certificate of Direction on title to the Mount Nemo Property, which Certificate was registered on title on April 13, 2017;

(cc) The Commission issued the Certificate of Direction on the basis that it was expedient for the due administration of Ontario securities law or the regulation of the capital markets in Ontario;

(dd) Despite the Freeze Directions, Staff has learned that Smith has caused CLJ Everest to enter into the Sale Agreement with the Purchaser, with a completion date for the transaction of Friday, April 28, 2017;

(ee) Staff are of the view that Smith, Crystal Wealth and CLJ Everest's conduct has negatively affected the reputation and integrity of Ontario's capital markets;

(ff) Based on the conduct of the Crystal Wealth Respondents, and Smith in particular to date, the interests of existing investors will not be served by maintaining the *status quo*. A Receiver is necessary to ensure that all investors' assets are dealt with appropriately and fairly in the circumstances;

(gg) The gravity of the breaches of the Act suggested by the evidence put forward by Staff means that there are serious concerns about the ability of Smith and Crystal Wealth to operate in the capital markets in a manner that complies with securities laws. The interests of existing investors and the integrity of the capital markets would be better served if they were not to continue in positions of trust with respect to the assets of the Funds or the monies of investors;

(hh) The proposed Receivership Order will ensure that investors' interests are protected while Staff's investigation and enforcement efforts continue, and that the Funds and their assets are properly administered by the Receiver in compliance with Ontario securities law and in the best interests of all stakeholders. In the circumstances, anything less than the appointment of a receiver would not provide the necessary oversight or control over the financial affairs of the Crystal Wealth;

(ii) The Continuation Application and the within application: (i) have questions of fact in common; and (ii) contain claims for relief arising out of the same transactions or occurrences;

(jj) Consolidating the within application and the Continuation Application would avoid unnecessary costs or delay;

(kk) Sections 1.1, 21.10(3), 116, 126, 126.1(1), 128 and 129 of the Act;

(ll) Section 2.1 of OSC Rule 31-505 – *Conditions of Registration*;

(mm) Sections 2.1, 2.2 and 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure;*

(nn) Sections 12.10(2), 12.12, 12.13 and 12.14 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations;*

a) Rules 1.04, 2.03, 3.02, 6.01, 14.05 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

b) Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

a) The affidavit of Marcel Tillie sworn April 17, 2017, and the exhibits attached thereto;

b) The affidavit of Michael Ho sworn April 17, 2017, and the exhibits attached thereto;

c) The supplementary affidavit of Michael Ho sworn April 24, 2017, and the exhibits attached thereto;

d) The affidavit of David Adler sworn April 24, 2017, and the exhibits attached thereto;

e) The consent of GTL to act as Receiver;

f) The notice of application issued by the Commission in the Continuation Application; and

g) Such other material as counsel for the Applicant may submit and this Honourable Court may permit.

April 25, 2017

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ONTARIO SECURITIES COMMISSION - and - CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant Respondents

CV-17-11779-00CL
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

NOTICE OF APPLICATION
(Returnable April 26, 2017)

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Plaintiff Defendant

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
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VOLUME 1 OF 20

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