

Celernus Credit Opportunities Fund
Financial Statements
For the period from inception, May 19, 2017,
to December 31, 2017

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BDO Canada LLP
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Independent Auditor's Report

To the Unitholders of Celernus Credit Opportunities Fund

We have audited the accompanying financial statements of Celernus Credit Opportunities Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2017, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from inception, May 19, 2017, to December 31, 2017, 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 Fund'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 Fund'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 the Fund as at December 31, 2017, and its financial performance and its cash flows for the period from inception, May 19, 2017, to December 31, 2017, in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 28, 2018

Celernus Credit Opportunities Fund
Statement of Financial Position

December 31, 2017

Assets

Current assets

Investments at fair value	\$ 3,865,644
Interest receivable	54,731
Subscription receivable	<u>15,000</u>

Total assets 3,935,375

Liabilities

Current liabilities

Due to broker	1,272,916
Accounts payable and accrued liabilities	<u>7,807</u>

Total liabilities (excluding net assets
attributable to holders of redeemable units) 1,280,723

**Net assets attributable to holders of
redeemable units** **\$ 2,654,652**

Number of redeemable units outstanding (Note 4) **262,803**

**Net assets attributable to holders of redeemable
units per unit** **\$ 10.10**

On behalf of the Fund, by the manager,
Celernus Investment Partners Inc.

_____ Director

Celernus Credit Opportunities Fund Statement of Comprehensive Income

For the period from inception, May 19, 2017, to December 31, 2017

Income

Interest	\$ 52,935
Net realized gain on sale of investments	249
Unrealized appreciation of investments	17,283
Unrealized appreciation on foreign currency	7,060
	<hr/>
	77,527
	<hr/>

Expenses

Fund administration	10,855
Management fees (Note 5)	10,854
Performance fees (Note 5)	13,855
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	35,564
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Increase in net assets attributable to holders of redeemable units	\$ 41,963
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Increase in net assets attributable to holders of redeemable units per unit (Note 8)	\$ 0.21
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The accompanying notes are an integral part of these financial statements.

Celernus Credit Opportunities Fund
Statement of Changes in Net Assets Attributable
to Holders of Redeemable Units

For the period from inception, May 19, 2017, to December 31, 2017

Net assets attributable to holders of redeemable units, beginning of period	\$ -
Increase in net assets attributable to holders of redeemable units	41,963
Distributions to holders of redeemable units	(20,638)
Redeemable unit transactions	
Proceeds from issuance of redeemable units	2,661,285
Amounts paid on redemption of redeemable units	(48,596)
Reinvestments of distributions to holders of redeemable units	20,638
	2,633,327
Net assets attributable to holders of redeemable units, end of period	\$ 2,654,652

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

Celernus Credit Opportunities Fund Statement of Cash Flows

For the period from inception, May 19, 2017, to December 31, 2017

Cash flows from operating activities

Increase in net assets attributable to holders of redeemable units	\$ 41,963
Adjustments to reconcile to increase in net assets attributable to holders of redeemable units to cash provided by operating activities	
Net realized gain on sale of investments	(249)
Unrealized appreciation of investments	(17,283)
Purchase of investments	(4,588,237)
Proceeds on disposal of investments	740,125
Changes in operating assets and liabilities	
Interest receivable	(54,731)
Subscription receivable	(15,000)
Accounts payable and accrued liabilities	7,807
	<u>(3,885,605)</u>

Cash flows from financing activities

Proceeds from issuance of redeemable units	2,661,285
Amounts paid on redemption of redeemable units	(48,596)
Due to broker	1,272,916
	<u>3,885,605</u>

Cash, beginning and end of period	\$ -
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The accompanying notes are an integral part of these financial statements.

Celernus Credit Opportunities Fund Schedule of Investment Portfolio

December 31, 2017

No. of Units	Name	Avg. Cost (\$)	Fair Value (\$)	% of Net Asset Value
Fixed Income				
300,000	ARTIS SR-A 3.753% 27MR19	303,360	303,445	11.43
179,000	BTB REIT CV 7.15% 31DC20	184,942	185,525	6.99
200,000	CALPINE CB-19 5.5% 1FB24	235,997	238,787	9.00
200,000	CAP PWR RD 4.284% 18SP24	200,000	203,574	7.67
100,000	CENTRAL 1 CRED 2.6% 7NV22	99,963	98,954	3.73
175,000	CES ENGY RD 6.375% 21OC24	175,000	178,281	6.72
100,000	CROMBIE-D CB 4.066%21NV22	100,000	99,937	3.76
100,000	CT REIT-E CB 3.469%16JN27	100,500	98,406	3.71
300,000	DVSF RYL CV RD5.25%31DC22	300,000	301,935	11.37
200,000	EXCH INCM CV 5.5% 30SP19	201,050	200,260	7.54
225,000	FAIRFAX FIN CB 4.25%6DC27	225,000	223,536	8.42
300,000	GIBS RGS C17 5.375%15JL22	306,720	307,750	11.59
200,000	HOLLOWAY-C CV 7.5% 30SP18	198,977	199,983	7.53
100,000	HOME TR D/N 2.28% 6MR18	95,750	99,833	3.76
400,000	MCAP COMM LP 3.955%11MR19	399,760	403,520	15.20
300,000	PARKLAND CB-17 6% 21NV22	314,250	313,753	11.82
150,000	PSP CAPITAL 3.03% 22OC20	155,111	154,233	5.81
50,000	SNC-LAVALIN 2.689% 24NV20	50,000	50,033	1.88
150,000	SUPERIOR RED 5.25% 27FB24	152,241	153,346	5.78
50,000	TIDEWATER CB 6.75% 19DC22	49,740	50,553	1.90
Total investments		3,848,361	3,865,644	145.61
Other net assets			(1,210,992)	(45.61)
Net Assets Attributable to Holders of Redeemable Units			2,654,652	100.00

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

Celernus Credit Opportunities Fund

Notes to Financial Statements

December 31, 2017

1. The Fund

Celernus Credit Opportunities Fund (the “Fund”) is a unit trust which was established on May 5, 2017 by a Fourth Supplemental Trust Indenture under the laws of the Province of Ontario and commenced trading operations May 19, 2017. The principal address of the Fund is 1300 Cornwall Road, Suite 204 Oakville, Ontario, L6J 7W5. The Fund is offered pursuant to prospectus exemptions to qualified investors in Canada and offshore. In Canada, investors must be “accredited investors”, or purchase a sufficient amount of the Funds to qualify for a prospectus exemption. The minimum purchase amount for accredited investors or other exempt investors is \$25,000.

The Fund’s investment objective is to generate positive absolute returns with an emphasis on capital preservation and low correlation to traditional equity and fixed income markets. The Fund seeks to meet its investment objectives by investing in public and privately issued bonds, debentures, convertible debentures, and other debt vehicles. To maximize total unitholder returns, the fund will opportunistically employ the following credit-oriented investment strategies: long/short position, distressed debt investing, pairs trading, capital structure arbitrage, private debt, merger arbitrage and convertible debt arbitrage. The fund may from time invest in other securities such as money market instruments, equities, or derivatives. The Fund may invest in securities of other funds managed by third parties (an “underlying fund”) that invest wholly or partially in strategies similar to the Fund, selected in accordance with its investment strategies and within the restrictions set out by applicable securities legislation or as permitted under the terms of exemptive relief.

Celernus Investment Partners Inc. (the “Manager”) is the manager, portfolio adviser and trustee of the Fund.

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

These financial statements for the period from inception, May 19, 2017, to December 31, 2017 were authorized for issue by the Manager on March 28, 2018.

2. Significant Accounting Policies

The principal accounting policies applied in the presentation of these financial statements are set out below:

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”).

Basis of Measurement

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.

Celernus Credit Opportunities Fund

Notes to Financial Statements

December 31, 2017

2. Significant Accounting Policies (Continued)

Valuation of Investments

The Fund's debt instruments are measured at fair value. Debt instruments are valued based on prices received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type, prepayment speed assumptions, attributes of the collateral as well as dealer supplied prices.

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

The Fund does not classify any financial assets 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. Due to broker, interest receivable, subscription 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. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (Trading NAV) for transactions with unitholders.

Fair Value Measurements

The Fund's investments held 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 or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Fund's debt instruments were classified as Level 2 as at December 31, 2017.

Celernus Credit Opportunities Fund

Notes to Financial Statements

December 31, 2017

2. Significant Accounting Policies (Continued)

Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily. Dividend income and expense are recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated as the difference between the proceeds and average cost of the investments. The unrealized appreciation of investments is calculated as the difference between the fair value and average cost of the investments.

Recognition/Decrecognition

The Fund recognizes financial assets 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.

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.

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.

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.

Valuation of Redeemable Units

Net asset value per unit for each class is calculated at 4:00 p.m. (Eastern time) on each business week by dividing the net assets attributable to holders of redeemable units of each class by its outstanding units. The net assets of each class is 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, realized gains and losses and unrealized appreciation and depreciation, are allocated to each class of the Fund based on that class's pro rata share of total net assets value of the Fund.

Celernus Credit Opportunities Fund

Notes to Financial Statements

December 31, 2017

2. Significant Accounting Policies (Continued)

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.

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.

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.

Critical Estimates and Judgments

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

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"):

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the Fund's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018. The Fund is in the process of evaluating the impact of the new standard.

Celernus Credit Opportunities Fund Notes to Financial Statements

December 31, 2017

3. Related Party Transactions

As at December 31, 2017, 40,755 units of the Fund were held by directors or immediate family members of the Manager. The market value of these units is approximately \$411,682.

4. Redeemable Units

The Fund may issue an unlimited number of Class A and B units. The Units of the Fund shall be issued without nominal or par value and shall be issued as fully paid and non-assessable and voting. Each Unit of the Fund shall represent an undivided beneficial interest in the assets of the Fund, Units are non-transferable, no Unit shall have any conversion, exchange or preemptive right. Each Unit shall entitle the holder thereof to participate equally with respect to all payments made to Unitholders of the Fund whether by way of interest, dividend or capital and, on liquidation, to participate equally in the net assets of the Fund remaining after satisfaction of all outstanding liabilities.

Each Unitholder of the Fund shall be entitled at any time and from time to time, to require the Fund to redeem all or any of his or her Units by giving written notice to the Manager. Such notice shall contain a clear request that a specified number or dollar amount of Units be redeemed, shall be irrevocable and the signature thereon shall be guaranteed by a Canadian chartered bank, a trust company or an investment dealer if required by the Manager. The redemption of Units in respect of which a duly completed redemption request has been received by the Manager at least five (5) days prior to a Valuation Day will be redeemed on such Valuation Day and, in all other cases, will be redeemed on the second Valuation Day following the day on which such redemption request was received by the Manager. The Manager may, in its sole discretion, waive the foregoing five (5) day notice requirement in respect of any redemption request. There are 262,803 Class A units issued and outstanding as of December 31, 2017. There are no Class B units issued.

The Manager has a general discretion to instruct the Trustee to suspend the right of Unitholders to require the Fund to redeem Units and the obligation of the Trustee to make payment therefore in any event where the Manager determines that processing such redemption(s) will have a material negative effect on the Fund. The Trustee shall, at the direction of the Manager, apply the suspension to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect.

All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be given notice by the Manager advising of the suspension, that redemptions will be effected on the basis of the Net Asset Value Per Unit determined on the first Valuation Day following the termination of the suspension and that they have the right to withdraw their requests for redemption prior to the termination of the suspension. Any declaration of suspension or termination of suspension made by the Manager shall be final and conclusive. Notwithstanding the foregoing, the suspension shall terminate in any event on the first Business Day after the circumstances which gave rise to the suspension cease to exist.

Celernus Credit Opportunities Fund Notes to Financial Statements

December 31, 2017

4. Redeemable Units (Continued)

The Manager reserves the right to instruct the Trustee to withhold the amount of four per cent (4%) from redemption proceeds payable to a Unitholder in the event the redemption request is made during the first 12 months after acquisition of the Units being redeemed.

Units issued and outstanding represent the capital of the Fund. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. Changes in the Fund's capital during the period are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

The Manager is responsible for managing the capital of the Fund in accordance with their investment objectives and in managing their liquidity in order to meet redemption requests.

There are no differences between the NAV per unit of the Fund and Net Assets Attributable to Holders of Redeemable Units per Unit of the Fund.

Summary of sales and redemptions of redeemable units for the period from inception, May 19, 2017, to December 31, 2017:

Redeemable units issued	265,576
Redeemable units issued on reinvestment	2,044
Redeemable units redeemed	<u>(4,817)</u>
Redeemable units outstanding, end of period	<u>262,803</u>

5. Management Fees and Expenses

The Fund pays the Manager an annual management fee of 0.85% of the NAV of the Fund, which is calculated and charged to the Fund monthly. The Fund is responsible for the payment of all fees and expenses relating to its operations, including record keeping, audit, accounting and administrative costs, legal fees, custody and safekeeping charges, bank charges and interest expenses, brokerage commissions and other fees relating to the purchase and sale of assets of the Fund. Management fees of \$10,854 were earned during the period.

The Manager is also entitled to receive a performance fee of 20% of the change in NAV of the Fund between a new high-water mark and the previous high-water mark for which a performance fee was earned by the Manager and charged to the Fund. Performance fees of \$13,855 were earned during the period.

Celernus Credit Opportunities Fund

Notes to Financial Statements

December 31, 2017

6. Financial Instruments and Risk Management

Financial Risk Factors

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 type of debt instruments it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at December 31, 2017, and group the investments by asset type, geographic region and/or market segment. 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.

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

As at December 31, 2017, the Fund invested in debt instruments, as applicable, with the following credit ratings:

Debt Instruments by Credit Rating	Percentage of NAV
AAA	6%
AA	0%
A	4%
BBB	56%
BB	29%
B	16%
CCC	0%
Not Rated	35%

Credit ratings are obtained from S&P Global's, Moody's and/or Dominion Bond Rating Services. Where one or more rating is obtained for a security, the lowest rating has been used.

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 three months. The Fund's assets are invested in debt instruments that are traded in an active market and can be readily disposed of as liquidity needs arise.

December 31, 2017

Financial liabilities	On Demand	< 3 months	Total
Due to broker	\$ 1,272,916	\$ -	\$ 1,272,916
Accounts payable and accrued liabilities	-	7,807	7,807
Redeemable units	2,654,652	-	2,654,652
	\$ 3,927,568	\$ 7,807	\$ 3,935,375

Celernus Credit Opportunities Fund Notes to Financial Statements

December 31, 2017

6. Financial Instruments and Risk Management (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Fund that invests in debt instruments will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt instruments may increase due to the increase in yield. Alternatively, if interest rates rise, the yield of existing debt instruments may decrease which could lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt instruments than for short-term debt instruments. As at December 31, 2017, the Fund's exposure to debt instruments by maturity and the impact on Net Assets had the yield curve shifted higher in parallel by 25 basis points, with all other variables held constant ("sensitivity"), are as follows:

Debt Instruments by Maturity Date	
Less than 1 year	\$1,111,491
1-3 years	1,056,472
3-5 years	1,397,865
Greater than 5 years	299,516
Sensitivity	\$35,735

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same industry sector. The following is a summary of the Fund's concentration risk.

Market Segment	Percentage of Portfolio
Energy	27%
Financial	14%
Insurance	6%
Real Estate	36%
Utilities	12%
Transportation	5%

Currency Risk

Currency risk arises from financial instruments that are denominated in a currency other than Canadian dollars. Exposures to foreign currencies as at December 31, 2017 are summarized in the table below:

Currency	Monetary	Non- Monetary	Total Exposure	% of Net Assets Attributable to Holders of Redeemable Units
December 31, 2017				
U.S. Dollar	\$ (228,893)	\$ 238,787	\$ 9,894	0.37%

Celernus Credit Opportunities Fund Notes to Financial Statements

December 31, 2017

6. 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 objective 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% change in market value as at December 31, 2017, with all other variables held constant, is \$193,282. In practice, the actual results may differ and the difference could be material.

7. 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 unit of the Fund's net asset value per unit upon redemption. The relevant movements of Fund units 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 6, the Fund endeavours 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.

8. Increase in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase in net assets attributable to holders of redeemable units per unit for the period ended December 31, 2017 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units	Weighted average number of redeemable units outstanding during the period	Increase in net assets attributable to holders of redeemable units per unit
2017	\$ 41,963	202,783	\$ 0.21