
**CELERNUS ABSOLUTE GROWTH FUND
UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

Notice of No Auditor Review of the Interim Financial Statements

Celernus Absolute Growth Fund (the "Fund") hereby gives notice that the Fund's auditor has not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

Celernus Absolute Growth Fund
Statement of Financial Position
(Unaudited)

	June 30	December 31
	2018	2017
Assets		
Current assets		
Investments, at fair value	\$ 27,532,407	\$ 27,288,839
Interest and dividends receivable	104,610	124,856
Subscription receivable	31,561	-
Total assets	<u>27,668,578</u>	<u>27,413,695</u>
Liabilities		
Current liabilities		
Investments sold short, at fair value	4,815,139	6,228,330
Due to broker (Note 5)	4,907,172	1,944,091
Accounts payable and accrued liabilities	90,352	41,339
Total liabilities (excluding net assets attributable to holders of redeemable units)	<u>9,812,663</u>	<u>8,213,760</u>
Net assets attributable to holders of redeemable units	\$ 17,855,915	\$ 19,199,935
Number of redeemable units outstanding (Note 6)	1,467,456	1,616,901
Net assets attributable to holders of redeemable units per unit	\$ 12.17	\$ 11.87

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

_____ Director

Celernus Absolute Growth Fund
Statement of Comprehensive Income (Loss)
(Unaudited)

For the six-month period ended June 30	2018	2017
Income		
Interest	\$ 60,784	\$ 184,986
Dividends	79,233	1,395,148
Other income	29,380	-
Net realized loss on sale of investments	(389,961)	(683,751)
Net change in unrealized appreciation (depreciation) of investments	1,661,316	(1,880,680)
Unrealized foreign currency gain (loss)	(618,439)	940,027
	<u>822,313</u>	<u>(44,270)</u>
Expenses		
Interest	180,661	167,122
Management fees (Note 7)	86,943	105,604
Fund administration	80,253	88,198
Transaction costs	3,947	43,249
	<u>351,804</u>	<u>404,173</u>
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 470,509	(448,443)
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 10)	\$ 0.32	\$ (0.23)

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

Celernus Absolute Growth Fund
Statement of Changes in Net Assets Attributable
to Holders of Redeemable Units
(Unaudited)

For the six-month period ended June 30	2018	2017
Net assets attributable to holders of redeemable units, beginning of period	\$ 19,199,935	\$ 24,239,646
Increase (decrease) in net assets attributable to holders of redeemable units	470,509	(448,443)
Redeemable unit transactions		
Proceeds from redeemable units issued	743,844	164,759
Amounts paid on redemption of redeemable units	(2,558,373)	(3,319,702)
	(1,814,529)	(3,154,943)
Net decrease in net assets attributable to holders of redeemable units for the period	(1,344,020)	(3,603,386)
Net assets attributable to holders of redeemable units, end of period	\$ 17,855,915	\$ 20,636,260

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

Celernus Absolute Growth Fund
Statement of Cash Flows
(Unaudited)

For the six-month period ended June 30

2018

2017

Cash flows from operating activities

Increase (decrease) in net assets attributable to holders of redeemable units	\$	470,509	\$	(448,443)
Adjustments to reconcile increase (decrease) in net assets attributable to holders of redeemable units to cash from operating activities:				
Net realized loss on sale of investments		389,961		683,751
Net change in unrealized (appreciation) depreciation of investments		(1,661,316)		1,880,680
Unrealized foreign currency gain (loss)		618,439		(940,027)
Purchase of investments		(12,962,525)		(76,974,384)
Proceeds on disposal of investments		12,577,121		75,952,299
Changes in operating assets and liabilities				
Interest and dividends receivable		20,246		(3,196)
Subscriptions receivable		(31,561)		-
Accounts payable and accrued liabilities		49,013		2,823
Redemption payable		-		32,700
		(530,113)		186,203

Cash flows from financing activities

Proceeds from redeemable units issued		743,844		164,759
Amounts paid on redemption of redeemable units		(2,558,373)		(3,319,702)
Due to broker		2,963,081		2,028,713
		1,148,552		(1,126,230)

Net increase (decrease) in cash during the period **618,439** (940,027)

Foreign exchange (loss) gain on cash held in foreign currency **(618,439)** 940,027

Cash, beginning and end of period **\$ - \$ -**

Celernus Absolute Growth Fund
Schedule of Investment Portfolio
(Unaudited)

June 30, 2018

No. of Units/Shares	Name	Avg. Cost (\$)	Fair Value (\$)	% of Net Asset Value
Limited Partnership Units 33.60% (Note 3)				
100	Celernus London LP	2,222,560	3,250,000	18.20
4,000	Celernus HCC LP	400,000	400,000	2.24
200	Clifton Blake 1027 Yonge Street LP	2,000,000	2,350,000	13.16
		<u>4,622,560</u>	<u>6,000,000</u>	<u>33.60</u>
Closed End Mutual Fund 3.99%				
4,570	SPDR Gold Trust ETF	780,138	712,711	3.99
Mortgage 17.08% (Note 3)				
	Commercial	3,050,000	3,050,000	17.08
Common Shares 72.56%				
Canadian Equities 0.80% (Note 3)				
150,000	Desert Lion Energy Corp.	219,280	88,780	0.50
112,500	Warrants on Desert Lion Energy Corp. 2.28 strike - November 29, 2019	53,720	53,720	0.30
		<u>273,000</u>	<u>142,500</u>	<u>0.80</u>
United States Equities 98.72%				
1,760	3M Company	517,948	455,083	2.5500
1,580	Adobe Systems Inc.	402,524	506,335	2.8400
215	Amazon.com Inc.	401,194	480,359	2.6900
1,880	ANSYS Inc.	265,442	430,413	2.4100
5,580	Applied Materials Inc.	401,835	338,775	1.9000
7,420	Archer Daniels Midland Co.	398,764	446,975	2.5000
6,000	Bank New York Mellon Corp.	387,936	425,315	2.3800
6,900	BB&T Corporation	389,439	457,461	2.5600
3,160	Disney Walt Company	387,564	435,331	2.4400
3,150	DTE Energy Company	435,200	429,067	2.4000
6,100	E*TRADE Financial Corp.	401,489	490,373	2.7500
7,340	eBay Inc.	405,288	349,827	1.9600
2,600	Ecolab Inc.	431,726	479,572	2.6900
1,400	Everest Re Group Ltd	385,169	424,122	2.3800
6,674	Everygy Inc.	436,624	492,567	2.7600
5,480	Eversource Energy	435,366	422,165	2.3600
4,210	Expeditors International of Washington, Inc.	313,594	404,510	2.2700
4,140	Express Scripts Holding Co.	402,342	420,149	2.3500
1,420	General Dynamics Corp.	399,752	347,926	1.9400
3,760	Hilton Worldwide Holdings Inc.	401,628	391,222	2.1900
2,080	Honeywell International Inc.	398,231	393,827	2.2100
20,100	Huntington Bancshares Inc.	404,795	389,953	2.1800
2,960	J.M. Smucker Co.	389,091	418,166	2.3400
15,100	KeyCorp	401,837	387,821	2.1700
2,060	Laboratory Corporation of America Holdings	386,162	486,109	2.7200
1,630	Lam Research Corp.	401,057	370,328	2.0800
3,230	McCormick & Co Inc. N.V.	388,234	492,864	2.7600
9,180	MGM Resorts International	401,040	350,283	1.9600
2,930	Mid-America Apartment Communities	388,581	387,701	2.1700
1,920	Moody's Corp.	398,462	430,435	2.4100
3,750	Motorola Solutions Inc.	388,376	573,590	3.2100
19,740	News Corp. Class-A	402,435	402,169	2.2500
890	Northrop Grumman Corp.	397,415	359,954	2.0200
6,500	Oracle Corp.	387,990	376,433	2.1100
1,940	PepsiCo Inc.	288,599	277,613	1.5500
8,960	Pfizer Inc.	398,812	427,272	2.3900
3,230	Quest Diagnostics Inc.	378,294	466,754	2.6100
2,210	Stryker Corp.	386,319	490,511	2.7500
6,720	Verizon Communications	436,522	444,378	2.4900
5,580	Wal-Mart Stores Inc.	485,693	628,190	3.5200
1,750	Waters Corp.	387,684	445,298	2.5000
		<u>16,296,453</u>	<u>17,627,196</u>	<u>98.72</u>

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

Celernus Absolute Growth Fund
Schedule of Investment Portfolio
(Unaudited)

June 30, 2018

No. of Units/Shares	Name	Avg. Cost (\$)	Fair Value (\$)	% of Net Asset Value
United States Equities Sold, but Not Yet Purchased -26.96%				
-500	Agilent Technologies Inc.	(45,671)	(40,641)	(0.23)
-670	Allergan Plc	(135,989)	(146,822)	(0.82)
-4,640	American Homes 4 Rent - Class A	(142,827)	(135,272)	(0.76)
-880	American Tower Corp.	(143,018)	(166,758)	(0.93)
-770	AON Plc - Class A	(135,210)	(138,829)	(0.78)
-630	Apple Inc.	(137,242)	(153,285)	(0.86)
-870	Ashland Global Holdings Inc.	(67,805)	(89,401)	(0.50)
-4,196	AT&T Inc.	(192,535)	(177,095)	(0.99)
-980	Avery Dennison Corp.	(103,452)	(131,517)	(0.74)
-861	Black Knight Inc.	(37,502)	(60,603)	(0.34)
-3,100	CA Inc.	(137,072)	(145,262)	(0.81)
-2,630	Cadence Design System	(126,931)	(149,718)	(0.84)
-3,840	CenterPoint Energy Inc.	(143,156)	(139,861)	(0.78)
-2,240	Church & Dwight Co., Inc.	(137,323)	(156,517)	(0.88)
-850	Clorox Company	(137,696)	(151,107)	(0.84)
-300	Coca Cola Co.	(16,927)	(17,295)	(0.10)
-3,640	Corning Inc.	(135,638)	(131,620)	(0.74)
-630	Costco Wholesale Corp.	(142,401)	(173,051)	(0.97)
-1,610	Emerson Electric Co.	(126,718)	(146,314)	(0.82)
-1,300	Exxon Mobil Corp.	(143,331)	(141,363)	(0.79)
-1,100	Fidelity National Information Services Inc.	(136,531)	(153,303)	(0.86)
-930	Gartner Inc.	(135,249)	(162,457)	(0.91)
-1,960	General Mills Inc.	(136,974)	(114,024)	(0.64)
-1,340	Gilead Sciences Inc.	(137,514)	(124,771)	(0.70)
-1,470	Intercontinental Exchange	(137,396)	(142,112)	(0.79)
-2,830	Johnson Controls International plc	(136,741)	(124,426)	(0.70)
-670	McDonald's Corp.	(136,892)	(137,989)	(0.77)
-1,320	Medtronic Plc	(135,627)	(148,535)	(0.83)
-1,380	Omnicom Group Inc.	(136,326)	(138,345)	(0.77)
-1,690	Paychex Inc.	(126,602)	(151,829)	(0.85)
-1,260	Pinnacle West Capital Corp.	(142,434)	(133,420)	(0.75)
-2,540	Sealed Air Corp.	(136,898)	(141,723)	(0.79)
-370	Spectrum Brands Hldgs Inc.	(68,939)	(39,694)	(0.22)
-1,400	TJX Companies Inc.	(143,131)	(175,147)	(0.98)
-2,388	Valvoline Inc.	(74,977)	(67,704)	(0.38)
-680	Willis Towers Watson Public Limited Company	(137,271)	(135,499)	(0.76)
-900	Zimmer Holdings Inc.	(136,108)	(131,830)	(0.74)
		(4,584,054)	(4,815,139)	(26.96)
Transaction costs		(3,947)	-	-
Total investments		20,434,150	22,717,268	127.23
Other assets net liabilities			(4,861,353)	(27.23)
Net assets attributable to holders of redeemable units			17,855,915	100.00

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

Celernus Absolute Growth Fund

Notes to Financial Statements

June 30, 2018

1. The Fund

Celernus Absolute Growth Fund (the “Fund”) is a unit trust which was established on January 24, 2012 by a Trust Indenture under the laws of the Province of Ontario. The principal address of the Fund is 1001 Champlain Avenue, Suite 302, Burlington, Ontario, L7L 5Z4. 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 aims to provide investors with attractive returns over the market cycle using extensive quantitative, fundamental and technical research combined with proprietary market model to identify opportunities and manage risk. The Fund will be long and short primarily in North American equities. In addition to publicly traded common equities, the Fund may also invest in asset-backed debt, government and corporate bonds and debentures, convertible debt, warrants, preferred shares, trust units, real estate investment trusts, derivative instruments, private equity and other securities. It may utilize future or other derivative products to hedge equity, market or currency risk. The net exposure of the fund will vary between 200% long and 20% short.

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 unaudited financial statements for the six months ended June 30, 2018 were authorized for issue by the Manager on August 23, 2018.

2. Significant Accounting Policies

The principal accounting policies applied in the presentation of these interim 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”). The Fund prepares these interim financial statements for the six-month period ended June 30, 2018 (and comparative results for the six-month period ended June 30, 2017) in accordance with International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the Fund’s annual financial statements.

Basis of Measurement

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

Celernus Absolute Growth Fund

Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

Valuation of Investments

Investments in securities and securities sold, but not yet purchased are measured at fair value. 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 value 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. The Fund has procedures to determine the fair value of securities for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the Fund primarily employs a market-based approach, which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value. The fair value of warrants is calculated utilizing the Black-Scholes option pricing method.

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 price exists. Assumptions and inputs used in valuation techniques include risk-free interest rate, loan to value ratio, property charge and property type. 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.

Investments in the limited partnership units for which there is no active market are valued at fair value using comparisons with similar instruments for which observable market price exists. 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 liquidity and counterparty risk.

Adoption of IFRS 9 – Financial Instruments

The Fund has adopted IFRS 9 Financial Instruments issued in July 2014 (IFRS 9), with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected less impairment model. The adoption of this standard has not had a material impact on the Fund's interim financial statements.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

Adoption of IFRS 9 – Financial Instruments (continued)

IFRS 9 contains three classification categories for financial assets:

- i) Fair value through profit or loss (“FVTPL”);
- ii) Amortized cost; and
- iii) Fair value through other comprehensive income (“FVOCI”)

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 has not had an impact on the Fund’s accounting policies for financial liabilities.

The following table summarizes the classification and measurement for each class of the Fund’s financial assets and financial liabilities upon adoption at January 1, 2018.

IAS 39			IFRS 9	
Financial Asset (Liability)	Category	Measurement	Category	Measurement
Investments	FVTPL	Fair value	FVTPL	Fair value
Interest and dividends receivable	Loans and receivables	Amortized cost	Assets at amortized cost	Amortized cost
Due to broker	Other financial liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost

Adoption of IFRS 15 – Revenue from Contracts with Customers

Effective January 1, 2018, the Fund adopted IFRS 15, Revenue from Contracts with Customers (“IFRS 15”). IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Fund elected to adopt IFRS 15 using the modified retrospective method, which did not involve restating comparative figures for 2017. There was no significant impact of adoption of IFRS 15, and no adjustment to equity at January 1, 2018 or revenues reported in the interim financial statements for the six months ended June 30, 2017.

Celernus Absolute Growth Fund

Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Financial assets are initially measured at fair value. On initial recognition, the Fund classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following and is not designated as FVTPL:

- (i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund classifies interest and dividends receivable and subscription receivable at amortized cost.

All other financial assets are subsequently measured at their fair values with changes in fair value, including any dividend income, recognized in the Statement of Comprehensive Income (Loss).

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Fund does not consolidate subsidiaries in the interim financial statements.

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the Statement of Financial Position.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- (i) Fair value through profit or loss; and
- (ii) Other financial liabilities

Due to broker and accounts payable and accrued liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Celernus Absolute Growth Fund

Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

Financial Instruments (continued)

Financial Liabilities (continued)

The Fund's obligation for net assets attributable to holders of redeemable units entitle unitholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund. The Fund's obligation for net assets attributable to unitholders is measured at FVTPL, with fair value being the redemption amount as of the reporting date.

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IFRS 39.

The Fund's financial assets at amortized cost consist of interest and dividends receivable. Investments are classified as FVTPL. As part of the assessment of fair value, the Manager routinely reviews each investment for changes in credit risk to determine whether or not the fair value of an investment should be adjusted for the change in credit risk; therefore IFRS 9 does not impact investments as they are already assessed as at fair value.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from default events within the 12 months after the reporting date
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Fund has elected to measure loss allowances for interest and dividends receivable at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Fund's historical experience and informed assessment of forward looking information.

There was no impact on the assets of the Fund measured at amortized cost and no impairments were recorded.

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).

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

Fair Value Measurements (continued)

The Fund's investments in common shares and closed end mutual funds were classified as Level 1 at June 30, 2018 and December 31, 2017. The Fund's investments in limited partnership units, privately held shares and warrants and mortgages were classified as Level 3 at June 30, 2018 and December 31, 2017 (Note 3).

Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is 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 net change in unrealized depreciation of investments is calculated as the difference between the fair value and average cost of the investments.

Recognition/derecognition

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).

Related Parties

For the purpose of these interim 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.

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 is calculated at 4:00 p.m. (Eastern time) on each business week by dividing the net assets attributable to holders of redeemable units by the outstanding units. The net assets are computed by calculating the value of the Fund's assets less the Fund's liabilities.

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 by the total number of units outstanding at the end of the period.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

2. Significant Accounting Policies (Continued)

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 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.

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 most significant estimates that the Fund is required to make relate to the fair value of the investments in limited partnership units, privately held shares and warrants and mortgages. The estimates may include: assumptions regarding local real estate market conditions; share price of privately held shares; average volatilities of warrants; 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 limited partnership and underlying assets held by the limited partnership.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning the future events. Credit markets, equity markets and consumer spending are factors 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 determinations. Should the underlying assumptions change, the estimate fair value could change by a material amount.

The Fund has concluded that the unlisted limited partnership in which it invests, but that it does not consolidate, meets the definition of structured entity because: the voting rights in the limited partnership is not dominate rights in deciding who controls it as it relates to administrative tasks only; the limited partnership's activities are restricted by the limited partnership agreement; and the limited partnership has 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 and future periods if the revision affects both current and future periods.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

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

	June 30 2018	December 31 2017
Investments, beginning of period	\$ 8,413,986	\$ 8,525,000
Limited partnership units purchased	400,000	-
Distribution of limited partnership units	-	(1,252,441)
Unrealized appreciation of investment in limited partnership units	1,027,440	350,000
Mortgages funded	-	3,782,864
Mortgages repaid	(518,426)	(3,264,437)
Privately held shares and warrants purchased	-	273,000
Unrealized depreciation of investment in privately held shares	<u>(130,500)</u>	<u>-</u>
Investments, end of period	<u>\$ 9,192,500</u>	<u>\$ 8,413,986</u>

There were no transfers into or out of Level 3 for the period ending June 30, 2018 or December 31, 2017.

4. Related Party Transactions

As at June 30, 2018, 177,852 (December 31, 2017 – 204,209) units of the Fund were held by directors or immediate family members of the Manager. The market value of these units is approximately \$2,164,093 (December 31, 2017 – \$2,424,877).

5. Due to Broker

The Fund maintains a margin account with National Bank Independent Network Inc. with which it is able to borrow to purchase securities up to 70% of the value of the securities. Interest is charged on borrowings at the US federal funds rate plus 1.10%. The borrowings are secured by the purchased securities and are due on demand.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

6. Redeemable Units

The Fund may issue an unlimited number of 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.

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.

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.

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.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

6. Redeemable Units (Continued)

Summary of sales and redemptions of redeemable units for the periods ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Redeemable units outstanding, beginning of period	1,616,901	2,094,774
Redeemable units issued	60,167	14,458
Redeemable units redeemed	<u>(209,612)</u>	<u>(288,974)</u>
Redeemable units outstanding, end of period	<u>1,467,456</u>	<u>1,820,258</u>

7. 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 were \$86,943 (2017- \$105,604) 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. A performance fee will only be earned at such time as the compound annual return of the Fund is greater or equal to 6%. No performance fees have been earned for the six month periods ended June 30, 2018 and 2017.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

8. 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 securities it invests in. The Schedule of Investment Portfolio presents the investments held by the Fund as at June 30, 2018, 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 a fund. The risk of default on transactions in listed securities is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. This risk has not changed from the previous period.

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 Fund is dependent upon future subscriptions and funds from the broker to meet liquidity requirements.

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 is invested in limited partnership units, privately held shares and warrants and mortgages which are illiquid in nature and are therefore not readily convertible to cash. This is mitigated by the Fund's investments in publicly traded equity securities that are liquid in nature and can therefore be readily disposed of as liquidity needs arise. This risk has not changed from the previous period.

June 30, 2018

Financial liabilities	On Demand	< 3 Months	Total
Due to broker	\$ 4,907,172	\$ -	\$ 4,907,172
Accounts payable and accrued liabilities	-	90,352	90,352
Redeemable units	17,855,915	-	17,855,915
	\$ 22,763,087	\$ 90,352	\$ 22,853,439

December 31, 2017

Financial liabilities	On Demand	< 3 Months	Total
Due to broker	\$ 1,944,091	\$ -	\$ 1,944,091
Accounts payable and accrued liabilities	-	41,339	41,339
Redeemable units	19,199,935	-	19,199,935
	\$ 21,144,026	\$ 41,339	\$ 21,185,365

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

8. 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. The Fund is exposed to interest rate risk from its margin account, which bears interest at a floating interest rate of the United States federal funds rate plus 1.10%. The objective of the Fund's interest rate management activities is to minimize the volatility of the Fund's earnings. This risk has not changed from the prior period.

Currency Risk

Currency risk arises from financial instruments that are denominated in a currency other than Canadian dollars. Exposures to foreign currencies as at June 30, 2018 and December 31, 2017 are summarized in the table below:

Currency	Monetary	Non-Monetary	Total Exposure	% of Net Assets Attributable to Holders of Redeemable Units
June 30, 2018				
U.S. Dollar	\$ (12,730,944)	\$ 12,812,057	\$ 81,113	0.45%
December 31, 2017				
U.S. Dollar	\$ (12,030,099)	\$ 11,567,711	\$ (462,388)	(2.41)%

If the exchange rate with the Canadian dollar increased or decreased by 5%, with all variables held constant, net asset attributable to holders of redeemable units would have increased or decreased, respectively, by \$4,056 (December 31, 2017 - \$23,119). 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 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 Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the Statement of Financial Position.

The impact on net assets attributable to holders of redeemable units of the Fund due to a 5% change in market value as at June 30, 2018, with all other variables held constant, is \$1,135,863 (December 31, 2017- \$1,053,025). In practice, the actual results may differ and the difference could be material.

Celernus Absolute Growth Fund Notes to Financial Statements

June 30, 2018

9. 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 Statements 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 8, 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.

10. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the six month periods ended June 30, 2018 and 2017 are calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units	Weighted average number of redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
2018	\$ 470,509	1,491,755	\$ 0.32
2017	(448,443)	1,946,126	(0.23)

11. Involvement with Unconsolidated Structured Entities

The Fund has determined that the Limited Partnerships in which it owns between 17% and 100% of the issued and outstanding limited partnership units are unconsolidated structured entities. This represents a significant judgment by the Fund and generally because decision making about the Limited Partnerships' investing activities are not governed by voting rights held by the Fund and other investors.

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

The change in fair value of the Limited Partnerships are included in the Statement of Comprehensive Income (Loss) in 'Net change in unrealized appreciation (depreciation) of investments'.