

*Financial Statements of*  
**ACM GROWTH FUND**  
*For the year ended December 31, 2015*

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*For the year ended December 31, 2015*

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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

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## Independent Auditor's Report

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### 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**

<u>DECEMBER 31</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ -	\$ 187,235
Investments at fair value	12,069,226	10,439,866
Accounts receivable	10,802	-
Total assets	<u>12,080,028</u>	<u>10,627,101</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness	2,070,883	-
Accounts payable and accrued liabilities	-	17,174
Redemptions payable	<u>2,670</u>	<u>7,500</u>
Total liabilities (excluding net assets attributable to holders of redeemable units)	<u>2,073,553</u>	<u>24,674</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS</b>	<u>\$ 10,006,475</u>	<u>\$ 10,602,427</u>
<b>NUMBER OF REDEEMABLE SERIES A UNITS OUTSTANDING (Note 5)</b>	<u>1,151,208</u>	<u>1,079,434</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT</b>	<u>\$ 8.69</u>	<u>\$ 9.82</u>

On behalf of the Manager, Crystal Wealth Management System Limited

“Clayton Smith”

Clayton Smith, Director

**ACM GROWTH FUND**  
**STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

<b>FOR THE YEAR ENDED DECEMBER 31</b>	<b>2015</b>	<b>2014</b>
		(6 months)
<b>INCOME</b>		
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	<u>(211,469)</u>	<u>(173,965)</u>
	<u>(546,062)</u>	<u>144,104</u>
<b>EXPENSES (Note 6)</b>		
Administration fees	108,827	24,007
Interest and bank charges	69,000	1,831
Management fees	178,083	81,067
Transaction costs	<u>49,621</u>	<u>12,373</u>
	<u>405,531</u>	<u>119,278</u>
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS</b>	<b>\$ (951,593)</b>	<b>\$ 24,826</b>
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS PER UNIT (Note 8)</b>	<b>\$ (0.86)</b>	<b>\$ 0.03</b>

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**

<u>FOR THE YEAR ENDED DECEMBER 31</u>	<u>2015</u>	<u>2014</u>
		(6 months)
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, BEGINNING OF YEAR</b>	<b>\$ 10,602,427</b>	<b>\$ -</b>
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS</b>	<b>(951,593)</b>	<b>24,826</b>
<b>DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>		
From net investment income	<b>(356,916)</b>	<b>(164,822)</b>
<b>REDEEMABLE UNIT TRANSACTIONS</b>		
Proceeds from issuance of redeemable units	<b>1,042,031</b>	<b>10,720,009</b>
Reinvestments of distributions to holders of redeemable units	<b>357,118</b>	<b>165,330</b>
Amounts paid on redemption of redeemable units	<b>(686,592)</b>	<b>(142,916)</b>
	<b>712,557</b>	<b>10,742,423</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS</b>	<b>(595,952)</b>	<b>10,602,427</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SERIES A UNITS, END OF YEAR</b>	<b>\$ 10,006,475</b>	<b>\$ 10,602,427</b>

**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

# ACM GROWTH FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

**DECEMBER 31, 2015**

<b>Investments Owned</b>	<b>Number of shares</b>	<b>Average cost</b>	<b>Fair value</b>	<b>% of net asset value</b>
		<b>\$</b>	<b>\$</b>	
<b>CANADIAN EQUITIES AND MUTUAL FUNDS - 99.70%</b>				
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%
<b>TOTAL CANADIAN EQUITIES AND MUTUAL FUNDS</b>		<b>10,318,194</b>	<b>9,975,963</b>	<b>99.70%</b>
<b>UNITED STATES EQUITY - 0.24%</b>				
Pacific Booker Minerals Inc	11,800	69,827	24,007	0.24%
<b>COMMERCIAL FACTORING CONTRACT RECEIVABLE (Note 9)</b>		<b>2,000,000</b>	<b>2,069,256</b>	<b>19.99%</b>
<b>Total investments</b>		<b><u>12,388,021</u></b>	<b><u>12,069,226</u></b>	<b>119.93%</b>
<b>Other assets, net</b>			<b>(2,062,751)</b>	<b>-19.93%</b>
<b>Net Assets Attributable to Holders of Redeemable Series A Units</b>			<b><u>10,006,475</u></b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements



# **ACM GROWTH FUND**

## **NOTES TO FINANCIAL STATEMENTS**

### **DECEMBER 31, 2015**

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#### **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.

**ACM GROWTH FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**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) 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.

**ACM GROWTH FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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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, 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**

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**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**

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**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**  
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**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.

**ACM GROWTH 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 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**  
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**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

	<u>2015</u>	<u>2014</u> (6 months)
Units, beginning of year	<b>1,079,434</b>	-
Units issued	<b>102,830</b>	1,077,232
Units redeemed	<b>(72,203)</b>	(14,583)
Units reinvested	<b>41,147</b>	<u>16,785</u>
Units, end of year	<b><u>1,151,208</u></b>	<u>1,079,434</u>

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.



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**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.

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**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:

	<b>Increase (decrease) in net assets attributable to holders of redeemable Series A units</b>	<b>Weighted average of redeemable Series A units outstanding during the year</b>	<b>Increase (decrease) in net assets attributable to holders of redeemable Series A units per unit</b>
<b>2015</b>	\$ (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:

	<b>2015</b>	<b>2014</b>
Commercial Factoring Contract Receivable, beginning of year	\$ -	\$ -
Advance	<b>2,000,000</b>	-
Accrued commercial factoring contract fee	<b>69,256</b>	-
<b>Commercial Factoring Contract Receivable, end of year</b>	<b>\$ 2,069,256</b>	\$ -

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**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.

<b>December 31, 2015</b>			
<b>Fund</b>	<b>Total Net Asset Value of Investee Fund</b>	<b>Investment fair value</b>	<b>% of net assets attributable to holders of redeemable Series A units</b>
<b>Crystal Wealth Mortgage Strategy (Formerly Crystal Enhanced Mortgage Fund)</b>	<b>\$ 43,730,156</b>	<b>\$ 447,985</b>	<b>1.02%</b>
<b>Crystal Wealth Media Strategy (Formerly Crystal Wealth Strategic Yield Media Fund)</b>	<b>49,757,146</b>	<b>2,386,921</b>	<b>4.80%</b>
<b>Crystal Wealth Enlightened Factoring Strategy (Formerly Crystal Enlightened Income Fund)</b>	<b>21,075,418</b>	<b>3,239,286</b>	<b>15.37%</b>

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.