Financial Statements of

CRYSTAL WEALTH MORTGAGE STRATEGY
(FORMERLY CRYSTAL ENHANCED MORTGAGE FUND)

For the year ended December 31, 2015

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Contents

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Independent Auditor's Report

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

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

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

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

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

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

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

BDO Canada LLP

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

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

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

On behalf of the Manager, Crystal Wealth Management System Limited

"Clayton Smith" Clayton Smith, Director

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

DECEMBER 31, 2015

Mortgage Investments at Fair Value - 76.43%

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

Loans Receivable - 14.86%

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

Canadian Mutual Funds - 0.90%

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

The accompanying notes are an integral part of these financial statements

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

DECEMBER 31, 2015

Schedule of Mortgage Investments

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

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

Schedule of Maturity

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

1. The Fund

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

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

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

2. Significant Accounting Policies

Basis of Presentation

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

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

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

2. Significant Accounting Policies (Continued)

New Standards, Interpretations and Amendments not yet Adopted

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

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

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

The following summarizes the accounting policies of the Fund:

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

2. Significant Accounting Policies (Continued)

(b) ***Classification***

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

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

(i) Financial assets held for trading

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

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

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

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

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

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

The hierarchy of inputs is summarized below:

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

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

2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

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

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period, or in the period of the revision of future periods if the revision affects both current and future periods.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

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

4. Financial Instruments and Risk Management

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

4. Financial Instruments and Risk Management (Continued)

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. All investments present a risk of loss of capital. The Manager manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. The maximum risk resulting from financial instruments is equivalent to their fair value. This risk has not changed from the previous year.

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

4. Financial Instruments and Risk Management (Continued)

Other price risk (Continued)

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

5. Capital Management

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

6. Redeemable Units

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

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

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

7. Mortgage Investments and Loans Receivable

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

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

Mortgages in arrears

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

December 31, 2015

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

December 31, 2014

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

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

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

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

8. Income Taxes

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

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

9. Management Fees and Expenses

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

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

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

10. Related Party Transactions

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

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

10. Related Party Transactions (Continued)

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

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

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

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

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

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

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

12. Prepaid Administration Expenses

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

13. Bank Indebtedness

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

14. Involvement with Unconsolidated Structured Entities

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

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

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

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

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

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

15. Comparative Amounts

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