

Interim Management Report of Fund Performance ROI Fund Inc. – Series IV



As at June 30, 2019

This interim Management Report of Fund Performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund ("Fund"). You may obtain a copy of the interim or annual financial statements at your request, and at no cost, by calling 1 866 764 3863, by writing to us at 43 Front Street East, Suite 301, Toronto, Ontario M5E 1B3 or by visiting our website at www.roicapital.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Every effort has been made to ensure that the information contained in this report is accurate as of June 30, 2019; however, the Fund cannot guarantee the accuracy or the completeness of this material. Please refer to the Fund's Prospectus, interim and audited annual financial statements for more information.



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Results of Operations

The portfolio advisor of the Fund is Return On Innovation Advisors Ltd. The commentary that follows provides a summary of the results of operations for the period ended June 30, 2019.

Financial Performance

Total net assets at June 30, 2019 were \$18,402,794, down from \$24,592,261 at the prior year end.

During the period, the Fund had redemptions of \$6,545,271 and an increase in net asset value from operations of \$355,804. The Fund is currently not accepting new subscriptions.

Redemptions continued to be high, but not unexpected. Investors cannot redeem units without penalty for eight years. Once the eight-year hold period is finished, they may redeem units without penalty. The high levels of redemptions reflect the end of the holding periods and consequent redemptions. The Fund continues to hold ample liquid portfolio to manage the liquidity requirements relating to these redemptions.

The increase in net assets from operations was composed of a \$398,918 loss from operations and \$754,722 in realized and unrealized appreciation on investments. The realized and unrealized gains on investments are made up of \$87,216 in net realized losses on investments and \$841,938 net change in unrealized appreciation on investments.

The realized and unrealized gains and losses are all related to the debentures in the liquid portfolio. These can be attributed to the fact that the debentures are frequently purchased at a premium or discount to par or the market price of the security is greater or lower than the par value. Said differently, the yield to maturity is lower or higher than the coupon payment on the debenture. As the debenture approaches the maturity date the price declines until it reaches par value at the maturity date. The reverse can

materialize if the debenture is trading at a discount to par. This triggers the realized and unrealized losses in the debenture liquid portfolio. The Fund also collects a higher than anticipated coupon or income from the debenture investment that offsets this anticipated loss on the investment as the market price gravitates towards par. The overall impact is that Fund receives an anticipated net rate of return equal to the yield to maturity on the portfolio. The current weighted average yield to maturity for the liquid portfolio is 4.85%. The market for the debenture portfolio is currently stable with the majority of the debentures trading at or close to par with a small risk premium over Government of Canada bonds.

The biggest impact on the portfolio involved the Fund's second largest investment – Element Fleet Management Corp. debentures. Element Fleet Management Corp. operates as a fleet management company in Canada, the United States, and internationally. The company offers fleet management services, including acquisition, financing and program management for cars and light duty vehicles, medium and heavy-duty trucks, material handling equipment, automobiles, and specialty vehicles and equipment, as well as corporate, municipal, and industrial fleets. The stock price increased by 49.20% during the period in turn, the debentures increased in value by 4.43% and the yield-to-maturity decreased to 3.99%.

Year-to-date the Bank of Canada has continued to hold interest rates with a slight bias towards cutting interest rates, but no cut materialized during the period. Lower interest rates tend to translate into higher debenture values although, lower interest rates tend to increase the risk premium for riskier debentures since overall economic activity is weaker. The two factors tend to be negatively correlated and provide some price stability.

Investment Activity

At June 30, 2019, the Fund held no venture investments, unchanged from the prior year end. The securities portfolio represented 77.94%, short-term investments represented 21.32% and liabilities, net of other assets of represented 0.74%. The securities portfolio consists of convertible unsecured subordinated debentures of varying maturities totaling \$14,343,361. Return On Innovation Advisors Ltd. manages the liquid securities portfolio.

The liquid portfolio continues to be invested in Canadian real estate debentures and other debentures. The Fund and has sold several debentures during the period. These debentures included the Fund's interest in AG Growth International Inc. and Exchange Income Corp. Both debentures had a longer maturity date than the weighted average maturity of the portfolio. Going forward, generally, available cash will be invested in cash or publicly traded debentures, which will provide flexibility and liquidity for the Fund in order to fulfill potential redemption requests in the future.

Revenue and Expenses

Investment income consists of interest on the senior unsecured and convertible debentures in the liquid portfolio. The revenue from the liquid portfolio has declined commensurate with the decreasing size of the Fund and, consequently the liquid portfolio.

Total expenses for the period were \$821,511.

The Fund's management expense ratio ("MER") was 8.05% (annualized). The comparable MER for the year ended December 31, 2018 (excluding

unusual expense recoveries) was 7.68%. The MER increase was due to a contractual increase in trailing commissions paid and to the fixed expenses being spread over a declining NAV. These were offset by a decrease in commission finance fees paid by the Fund.

Recent Developments

Pacing Requirements

The Fund is required to invest a prescribed portion of its assets in eligible venture investments as defined in the Community Small Business Investment Funds Act (Ontario) and the Income Tax Act (Canada). As at December 31, 2017 and 2016, the Fund was not in compliance with the investment pacing requirement. As a result, during 2017 net investment level taxes totaling \$318,949 were accrued by the Fund, net of prior year reversals. Investment level taxes relating to the 2016 fiscal year totaling \$110,858 were paid by the Fund. The Fund returned to compliance in February of 2018. As such, the investment level taxes paid relating to 2016 were rebated to the Fund by the Ministry of Finance. The amounts relating to 2016 and 2017 were recognized as an expense recovery in 2018 in the Statements of Comprehensive Income (Loss).

As at June 30, 2019 the Fund has met these requirements.

Related Party Transactions

The Manager, Advisor and ACTRA Toronto Performers (the "Sponsor") are deemed to be related parties. Please refer to the section titled "Advisor, Sponsor and Management Fees" which outline fees paid to these related parties.

Financial Highlights

The following tables show selected key financial information about Series IV of the Fund and are intended to help you understand the series' financial performance.

Class A Series IV Net assets attributable to holders of redeemable shares per share^{1,2,3}	June 30 2019	Dec 31 2018	Dec 31 2017	Dec 31 2016	Dec 31 2015
Net assets attributable to holders of redeemable shares, beginning of period	8.44	8.95	9.48	9.91	10.08
Increase (decrease) in net assets attributable to holders of redeemable shares					
Total Revenue	0.19	0.38	0.36	0.45	0.57
Total Expenses	(0.34)	(0.54)	(0.76)	(0.73)	(0.72)
Realized gains (losses) for the period	(0.04)	(0.02)	(0.31)	0.00	(0.12)
Unrealized gains (losses) for the period	0.35	(0.29)	0.19	(0.15)	0.09
Increase (decrease) in net assets attributable to holders of redeemable shares²	0.15	(0.47)	(0.52)	(0.43)	(0.18)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions²	-	-	-	-	-
Net assets attributable to holders of redeemable shares	8.56	8.44	8.95	9.48	9.91
Ratios and Supplemental Data					
Total Net assets attributable to holders of redeemable shares (000's) ³	18,403	24,592	41,889	47,013	49,749
Number of shares outstanding ³	2,148,988	2,912,907	4,680,055	4,960,895	5,022,602
Management expense ratio ⁴	8.05%	6.12%	8.15%	7.53%	7.06%
Management expense ratio before waivers or absorptions	8.05%	6.12%	8.15%	7.53%	7.06%
Trading expense ratio ⁵	-	-	-	0.01%	0.01%
Portfolio turnover rate ⁶	-	23.45%	70.70%	50.92%	13.68%
Net assets attributable to holders of redeemable shares per unit	8.56	8.44	8.95	9.48	9.91

1. This information is derived from the Fund's audited annual financial statements (except for the interim period ended June 30, 2019 which is unaudited) prepared in accordance with International Financial Reporting Standards ("IFRS").
2. The increase (decrease) from operations is based on the weighted average number of shares outstanding during the financial year. Distributions per share are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share. Distributions are paid in cash and either received in cash by the unitholder shareholder or reinvested in additional shares of the Fund.
3. This information is provided as at December 31 of the year shown except for the most recent which is the six-month period ended June 30, 2019.
4. The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the year.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
6. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Advisor, Sponsor and Management Fees

The Manager has been retained by the Fund to manage the Fund's investment portfolio. As compensation for the services to be provided for and on behalf of the Fund by the Manager, the Fund has agreed to pay to the Manager an annual advisor fee of 1.0% of the NAV of the Fund.

ACTRA Toronto Performers has agreed to be Sponsor of the Fund. The Sponsor owns all of the Class B Shares of the capital of the Fund and is required under the Ontario Act to elect a majority of the Board of Directors. The Fund pays the Sponsor an annual fee of 0.25% of the NAV of the Fund, calculated and paid monthly in arrears.

The Manager has been retained by the Fund to develop and implement all aspects of the Fund's sales, marketing, distribution and communications strategies; organize the retention and supervision of service providers; develop and refine the investment strategy; and to manage the ongoing business and administrative affairs of the Fund. As compensation for the services, the Fund has agreed to pay to the Manager an annual management fee of 2.3% of the Series IV NAV of the Fund. The major services paid by the management fees by series expressed as an approximate percentage of the management fees are summarized as follows:

SERIES	IV
Dealer Costs	5.39%
Other Fees*	94.61%

* Includes general and administration fees, marketing fees, and profit.

To the extent that management fees did not fully cover the cost of services provided to the Fund, the difference was funded directly by the Manager.

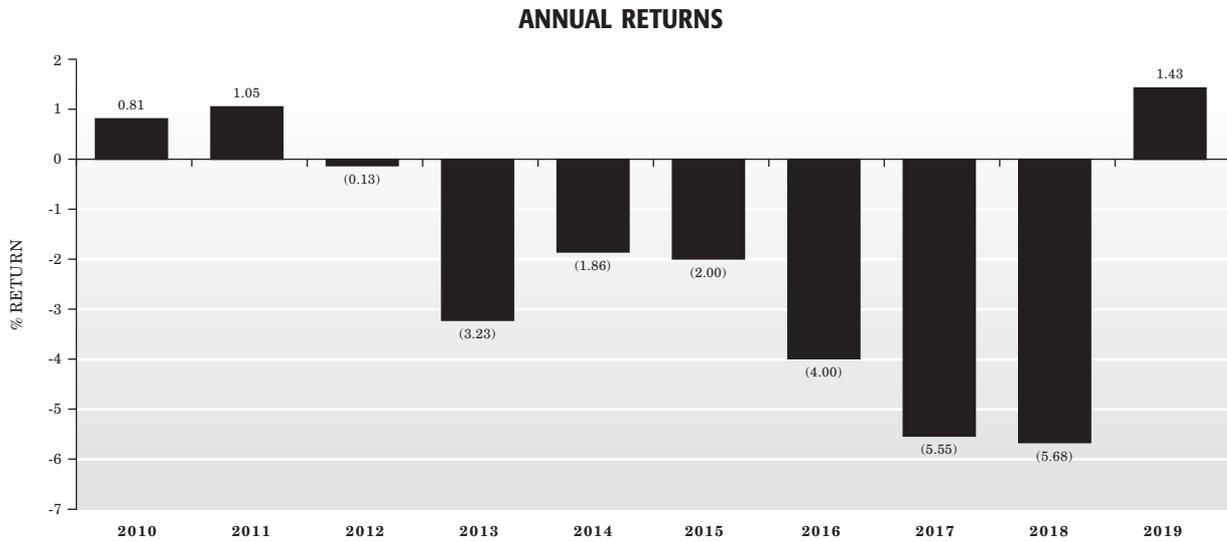
The Manager has also been retained by the Fund to pay sales commissions on behalf of the Fund and provide services in connection therewith. As compensation for these services, the Fund has agreed to pay to the Manager an annual financing fee of 0.4% of the NAV of the Fund, as well as an annual base financing fee equal to the aggregate of 1.5% of the original purchase price of Class A Shares, Series IV that remain issued and unredeemed, provided that such fee ceases for any such shares retained for more than eight years).

Past Performance

The following performance presented is historical. The past performance information shown includes changes in security value; assumes the reinvestment of all dividends in the periods shown in additional shares of the Fund; and does not take into account sales, redemptions, dividend or optional charges, or income taxes payable by any investor, which would have reduced returns. It is important to note that past performance of the Fund does not represent how well the Fund will perform in the future.

Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the years shown and illustrates how the Fund's performance changes year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year. For 2019, the information presented is for the six-month period ended June 30, 2019.



Summary of Investment Portfolio as at June 30, 2019

The summary of investment portfolio will change due to ongoing portfolio transactions of the Fund.

ASSET MIX	% of Series IV Net Asset Value
Fixed-income securities	77.94%
Short-term investments	21.32%
Other Assets, net of liabilities	0.74%
Total	100.00%

TOP 25 HOLDINGS (Note: Fund only has 6 holdings)	% of Series IV Net Asset Value
Morguard REIT, 4.50%	31.42%
CIBC Mellon Trust Demand Deposit, variable rate	21.32%
Element Fleet Management Corp., 4.25%	16.34%
Just Energy Group Inc., 6.75%	16.29%
Chemtrade Logistics Income Fund, 5.25%	11.54%
Northwest Healthcare Properties REIT, Series 'C', 7.25%	2.35%
Total holdings as a percentage of net asset attributable to holders of redeemable shares	99.26%
Total Fund Net Asset Value	\$18,402,794

The most recent interim report, annual report or quarterly portfolio disclosure is available at no cost by calling 1 866 764 3863, by writing to us at 43 Front Street East, Suite 301, Toronto, Ontario M5E 1B3 or by visiting our website at www.roicapital.ca or SEDAR at www.sedar.com.

Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates,” “intends,” “plans,” “believes,” “estimates” or negative versions thereof. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.



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