Artemis

Investment Management

ENERGY INCOME FUND

SEMI-ANNUAL REPORT

JUNE 30, 2018

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MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Energy Income Fund (the "Fund") contains financial highlights but does not contain either the interim financial statements or annual financial statements of the Fund. You may obtain a copy of either the interim or annual financial statements, at your request and at no cost, by calling 416-934-7455, or by sending a request to Investor Relations, Artemis Investment Management Limited, 1325 Lawrence Avenue East, Suite 200, Toronto, ON M3A 1C6, Canada or by visiting our website at www.artemisfunds.ca or SEDAR at www.sedar.com. Holders of units ("Unitholders") may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

THE FUND

The Fund is a closed-end investment trust. Artemis Investment Management Limited is the investment fund manager of the Fund ("Artemis" or the "Manager"). The Fund has one class of units (each, a "Unit") outstanding. The Units trade on the Toronto Stock Exchange ("TSX") under the symbol ENI.UN. The Fund's portfolio is managed by Vestcap Investment Management Inc. (the "Portfolio Advisor").

INVESTMENT OBJECTIVES AND STRATEGIES

Energy Income Fund's investment objective is to provide Unitholders with monthly cash distributions and achieve a total return on a portfolio ("Portfolio") of securities (the "Portfolio Securities") that is greater than the total return provided by the benchmark index, as selected by the Manager from time to time. For the year ended December 31, 2011 and subsequent periods, the benchmark index used was the S&P/TSX Capped Energy Index.

The Fund invests its assets in a Portfolio comprised of Portfolio Securities, without reference to any specific issuer or security, among several asset classes including oil and gas securities, energy securities, other resource securities, and cash and short term investments.

RISKS

There are a number of risks associated with an investment in Energy Income Fund. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the Net Asset Value ("NAV") of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates, interest rates and general business operation risks, any of which may affect the issuers' income and as a result reduce the value of its securities. Diversification and active management by the Fund's Portfolio Advisor of the securities held in the Portfolio may reduce these risks.

There were no changes in the period ended June 30, 2018 that materially affected the risks associated with an investment in Units of the Fund. For a list of risks, see the Fund's Annual Information Form dated March 28, 2018 on the Fund's SEDAR profile at www.sedar.com.

RESULTS OF OPERATIONS

The NAV of the Fund decreased from $11.03 million to $10.80 million from January 1, 2018 to June 30, 2018. Total revenue per Unit for the period ended June 30, 2018 was $0.054, compared to $0.042 for the same period in 2017. Operations for the period resulted in an increase in NAV per Unit of $0.004 compared to a decrease of $0.252 for 2017.

Total administrative expenses for the period ended June 30, 2018 were $0.010 per Unit compared to $0.009 for the same period in 2017. Management fees decreased for the period to $0.009 per Unit compared to $0.010 for the same period in 2017. Investment management fees also decreased for the period to $0.005 per Unit (2017 – $0.006). Excluding the expenses discussed above, all other expenses of the Fund for the period ended June 30, 2018 were $0.027 per Unit (2017 – $0.015).

MANAGEMENT REPORT OF FUND PERFORMANCE

OPEC and its allies announced in November 2017 an extension to previously announced production cuts, setting the stage for further appreciation in the price of oil in the first half of the year. The price of West Texas Intermediate appreciated from approximately $60 per barrel to over $74 per barrel between January and June 2018. However, the discount received for Canada's Western Canadian Select compared to the value of West Texas Intermediate grew to almost $30 per barrel by the end of January. This was partially attributed to a lack of pipeline capacity. Toward the end of June, OPEC modestly increased production by 1 million barrels per day, despite opposition from Iran. Meanwhile, an over-supply of crude remains a global issue. This year, the United States of America will grow its annual production by 11% to exceed 10 million barrels per day for the first time since 1970. In the first half of the year, the Fund bought shares of Exxon Corporation, an American producer, due to the bottleneck in Canada's supply stream as well as its price discount to the value of West Texas Intermediate at that time. In addition, profits were realized by liquidating a portion of Teck Resources due to its recent price appreciation and relative weighting in the Fund. The cash balance decreased from 4.69% at the beginning of the year to 2.74% by June 30, 2018 to take advantage of attractive security prices.

The NAV per Unit, after distributions to Unitholders, decreased 1.92% for the period ended June 30, 2018. During the period, the Fund paid total cash distributions of $0.06 per Unit.

There were no unusual trends in redemptions for the period ended June 30, 2018, with no redemptions occurring over the period.

TRADING PREMIUM/DISCOUNT

For the period ended June 30, 2018, the Fund traded at an average discount to its NAV per Unit of 21.36%, compared to an average discount of 22.14% for the same period in 2017.

RECENT DEVELOPMENTS

Monthly distribution for 2018

On January 12, 2018, the Fund announced distributions for 2018 of $0.01 per Unit per month. Unitholders of record, on the last day of each month of 2018, will be paid cash distributions of $0.01 on the 15th day (or first business date thereafter) of the ensuing month.

Redemptions

The maximum number of Units redeemable in a year pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the last business day of November in the preceding year, less the number of Units repurchased for cancellation or otherwise redeemed by the Fund during the preceding twelve-month period (the "Maximum Redemption Amount").

The public float as determined on January 3, 2017 was 4,070,061 Units and 10% of the public float was 407,061 Units. From January 1, 2018 to June 30, 2018, the Fund did not repurchase any Units for cancellation.

RELATED PARTY TRANSACTIONS

The Manager is entitled to receive a management fee of 0.70% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly. For the period ended June 30, 2018, management fees totaled $40,463 (2017 – $47,794), of which $6,691 was payable as at June 30, 2018 (2017 – $9,373). The Fund is responsible for all expenses incurred on its behalf. Artemis generally has all expenses incurred by the Fund paid directly by the Fund.

MANAGEMENT REPORT OF FUND PERFORMANCE

The Portfolio Advisor receives a fee of 0.40% per annum of the average NAV of the Fund, plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the period ended June 30, 2018, investment management fees totaled $23,122 (2017 – $27,311), of which $3,823 was payable as at June 30, 2018 (2017 – $5,356).

Administrative expenses for the period ended June 30, 2018 totaled $41,903 (2017 – $42,216). As part of these expenses, the Fund pays a general overhead cost to Artemis. Artemis received $5,000 per month plus applicable taxes to cover related administrative salaries, employee benefits, general overhead and office supplies.

The Manager is entitled to receive a fee of 5% of the NAV per Unit redeemed or repurchased plus applicable taxes. For the period ended June 30, 2018, redemption fees totaled nil (2017 – nil) of which nil was payable as at June 30, 2018 (2017 – nil).

MANAGEMENT REPORT OF FUND PERFORMANCE

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

The Fund's Net Assets per Unit (1)(2)

For the Periods Ended	30-Jun-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Net Assets, beginning of Year	**$ 2.61**	2.85	$ 2.44	$ 3.60	$ 4.39
Increase (decrease) From Operations:					
Total revenue	**0.05**	0.08	0.05	0.16	0.18
Total expenses (excluding distributions)	**(0.05)**	(0.05)	(0.08)	(0.14)	(0.15)
Realized gains (losses)	**0.04**	0.06	(0.56)	(1.00)	0.13
Unrealized gains (losses)	**(0.03)**	(0.22)	1.11	(0.06)	(0.81)
Total Increase (decrease) from Operations (3)	**$ 0.00**	$ (0.13)	$ 0.52	$ (1.03)	$ (0.64)
Distributions:					
From net investment income (excluding dividends)	**–**	–	–	–	–
From dividends	**–**	0.03	–	–	–
From capital gains	**–**	–	–	–	–
Return of capital	**0.06**	0.09	0.12	0.12	0.12
Total Annual Distributions per Unit (4)	**0.06**	0.12	0.12	0.12	0.12
Net Assets as at the end of each period shown	**$ 2.56**	$ 2.61	$ 2.85	$ 2.44	$ 3.60

(1) This information is derived from the Fund's audited annual financial statements. The net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated for fund pricing purposes because of the provisions of CPA Handbook Section 3855. An explanation of the differences can be found in the Notes to the Financial Statements.

(2) For financial years beginning before January 1, 2013, the financial statements of the Fund were prepared in accordance with Canadian GAAP, whereas for financial periods beginning January 1, 2013, the financial statements of the Fund have been prepared in accordance with IFRS.

(3) Net assets and distributions are based on the actual number of Units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of Units outstanding over the financial period.

(4) Distributions were paid in cash or units of the Fund, or both.

MANAGEMENT REPORT OF FUND PERFORMANCE

RATIOS AND SUPPLEMENTAL DATA

For the Period Ended	30-Jun-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Total Net Asset Value ($ 000's) (1)	**$10,797**	11,025	$ 13,173	$ 12,305	$ 20,170
Number of Units Outstanding (000's) (1)	4,222	4,218	4,619	5,041	5,596
Management Expense Ratio (2)	3.79%	1.90%	2.89%	3.98%	3.06%
Trading Expense Ratio (3)	0.01%	0.06%	0.11%	0.35%	0.13%
Portfolio Turnover rate (4)	5.76%	23.13%	22.92%	31.52%	15.22%
Net Asset Value Per Unit	$ 2.56	$ 2.61	$ 2.85	$ 2.44	$ 3.60
Closing market price per unit	$ 2.00	$ 2.05	$ 2.23	$ 1.82	$ 2.70

(1) This information is provided as at the date shown.

(2) 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 period.

(3) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets during the period.

(4) 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 the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in a year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT FEES

The Manager is entitled to receive a management fee of 0.70% per annum of the NAV of the Fund plus applicable taxes, calculated and payable monthly. The Portfolio Advisor receives a fee of 0.40% per annum of the average Net Asset Value of the Fund plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services.

PAST PERFORMANCE

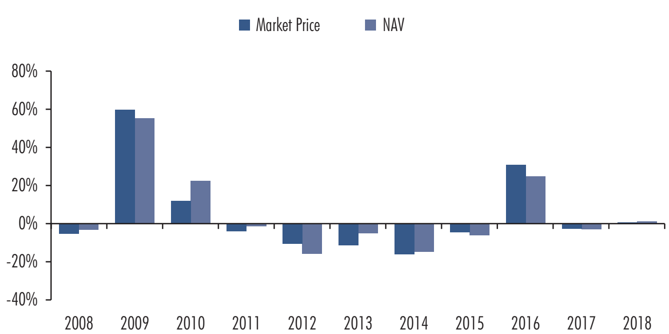
The Fund's performance numbers represent the annual compound total returns over the period indicated to June 30, 2018 (except for returns of less than one year which are compounded total returns). Total returns are based upon both the Fund's change in market price or net assets per Unit plus the reinvestment of all distributions in additional Units of the Fund on the reinvestment dates for the year.

Returns do not take into account sales, redemptions or income taxes payable. Past performance of the fund does not necessarily indicate how it will perform in the future.

The total return of the Fund for the period ended June 30, 2018 was 1.12% measured in terms of its NAV. The total return of the market price per Unit of the Fund for the period ended June 30, 2018 was 0.58%.

The following chart shows the Fund's performance as at the date shown and illustrates how the Fund's performance has changed. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each period.

Year By Year Returns



The Fund commenced operations as of October 2005. For 2017 and prior years, this represents the annual return, unadjusted for the exercise of warrants, for the twelve-month period ended December 31.

MANAGEMENT REPORT OF FUND PERFORMANCE

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

Total Net Assets: $10,797,307

The major portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available at www.artemisfunds.ca.

Portfolio by Sector	**% of Aggregate NAV of the Fund**
Canadian Equities	
Oil & Gas Corporations	65.30%
Materials	7.80%
Utilities	6.60%
Exchange Traded Fund	5.60%
Total Canadian Equities	85.30%
International Equities (U.S., U.K.)	12.20%
Other Assets, Net of Liabilities	2.50%
Total Net Assets	**100.00%**

TOP 25 HOLDINGS (as a % of Total Net Asset value of the Fund)

As at June 30, 2018

Pembina Pipeline Corporation	13.80%
Vermilion Energy Inc.	10.90%
Whitecap Resources Inc.	10.02%
Parkland Fuel Corporation	9.00%
Enbridge Inc.	8.10%
Teck Resources Limited	7.80%
Exxon Mobil Corporation	6.70%
Northland Power Inc.	6.60%
PrairieSky Royalty Ltd.	5.90%
AltaGas Ltd.	5.80%
Horizons Active Preferred Share ETF	5.60%
Brookfield Renewable Energy Partners L.P.	5.50%
Other assets, net of liabilities	2.50%
Enbridge Inc. 4.90% Preferred Series 19	1.60%
% of Total Net Assets	**100%**

MANAGEMENT REPORT OF FUND PERFORMANCE

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent the Manager's or Portfolio Advisor's expectations regarding future events. By their nature, forward-looking statements must be based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Actual results may differ materially from the Manager's or Portfolio Advisor's expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to: market and general economic conditions, interest rates, foreign exchange rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's prospectus, Annual Information Form and other investor documentation. The foregoing list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, neither the Fund nor the Manager undertakes, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Financial Statements of

ENERGY INCOME FUND

For the six-month period ended June 30, 2018 (unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim financial statements of Energy Income Fund (the "Fund") have been prepared by Artemis Investment Management Limited ("Artemis"). Artemis is responsible for the information and representations contained in these financial statements and the other sections of the Semi-Annual Report.

Artemis maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The significant accounting policies applicable to the Fund are described in note 4 to the financial statements.

The auditors of the Fund have not reviewed these financial statements.

Artemis, the Manager and Trustee of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

(signed) ***Michael J. Killeen***

Michael J. Killeen
Director

(signed) ***Trevor Maunder***

Trevor Maunder
Director

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2018 (unaudited) and December 31, 2017 (audited)

	2018	2017
Assets		
Financial assets at fair value through profit or loss (note 4)	$ 10,531,532	$ 10,529,093
Cash	295,701	518,339
Dividends receivable	28,897	27,800
Other receivables	45,328	43,348
	10,901,458	11,118,580
Liabilities		
Distributions payable	42,227	42,183
Management fees and investment management fees payable (note 8)	10,514	10,595
Accounts payable and accrued liabilities (note 8)	51,410	40,235
	104,151	93,013
Net assets attributable to holders of redeemable units	$ 10,797,307	$ 11,025,567
Number of redeemable units outstanding (note 7)	4,222,652	4,218,273
Net assets attributable to holders of redeemable units per unit	$ 2.56	$ 2.61

See accompanying Notes to the Financial Statements.

Approved on behalf of Energy Income Fund by
the Board of Directors of Artemis
Investment Management Limited:

(signed) ***Michael J. Killeen***

Michael J. Killeen

Director

(signed) ***Trevor Maunder***

Trevor Maunder

Director

STATEMENTS OF COMPREHENSIVE INCOME

As at each six-month period ended June 30 (unaudited)

	2018	2017
Income		
Dividend revenue	$ 224,788	$ 219,939
Interest income for distribution purposes	2,611	974
Foreign exchange loss	(130)	(24,760)
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain on sale of investments	151,719	189,415
Change in unrealized depreciation on investments	(142,244)	(1,365,406)
Total net income (loss)	236,744	(979,838)
Expenses		
Management fees (note 8)	40,463	47,794
Investment management fees (note 8)	23,122	27,311
Administrative (note 8)	41,903	42,216
Legal fees	5,000	5,451
Regulatory and listing	15,951	–
Unitholder servicing	28,370	20,397
Custody, valuation and transfer fees	23,309	9,750
Audit and review fees	24,864	24,864
Independent review committee fees	14,919	5,585
Portfolio transaction costs (note 9)	389	2,617
	218,290	185,985
Operating profit (loss) before tax	18,454	(1,165,823)
Withholding taxes/reclaims	(2,039)	–
Increase (decrease) in net assets attributable to holders of redeemable units from operations	$ 16,415	$ (1,165,823)
Weighted average number of units outstanding	4,220,392	4,620,639
Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit[(1)]	$ –	$ (0.25)

(1) Based on the weighted average number of units outstanding during the period.

See accompanying Notes to the Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

As at each six-month period ended June 30 (unaudited)

	2018	2017
Net assets attributable to holders of redeemable units, beginning of period	$ 11,025,567	$ 13,173,221
Increase (decrease) in net assets attributable to holders of redeemable units from operations	16,415	(1,165,823)
Redeemable unit transactions (note 7)		
Reinvested distributions	8,576	6,160
	8,576	6,160
Distributions to holders of redeemable units		
Return to holders of redeemable units	(253,251)	(277,256)
	(253,251)	(277,256)
Net decrease in net assets attributable to holders of redeemable units for the period	(228,260)	(1,436,919)
Net assets attributable to holders of redeemable units, end of period	$ 10,797,307	$ 11,736,302
Distributions per unit	$ 0.06	$ 0.06

See accompanying Notes to the Financial Statements.

STATEMENTS OF CASH FLOWS

As at each six-month period ended June 30 (unaudited)

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	$ 16,415	$ (1,165,823)
Adjustments for:		
Net realized gain on sale of investments	(151,719)	(189,415)
Portfolio transaction costs	389	2,617
Foreign exchange loss on cash	130	24,760
Change in unrealized (appreciation) depreciation in value of investments	142,244	1,365,406
Purchases of investments	(330,177)	(813,605)
Proceeds from sale of investments	336,824	1,539,266
Increase in dividends receivable	(1,097)	(271)
Increase (decrease) in other receivables	(1,980)	(2,680)
Increase (decrease) in management fees and investment management fees payable	(81)	1,505
Increase (decrease) in accounts payables and accrued liabilities	11,175	(40,874)
	22,123	720,886
Cash flows used in financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(244,631)	(271,067)
	(244,631)	(271,067)
Foreign exchange loss on cash	(130)	(24,760)
Net increase (decrease) in cash	(222,638)	425,059
Cash, beginning of period	518,339	1,641,929
Cash, end of period	$ 295,701	$ 2,066,988
Supplemental information		
Dividends received, net of withholding taxes	$ 223,691	$ 219,668
Interest received, net of withholding taxes	2,611	974
Interest paid	–	–

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS

As at June 30, 2018 (unaudited)

Number of shares/par value	Investments owned	Average cost	Fair value	% of net assets
	CANADIAN EQUITIES			
	Oil and Gas Corporations			
23,000	AltaGas Ltd.	$ 770,022	$ 624,450	5.8
18,500	Enbridge Inc.	918,043	869,500	8.1
7,125	Enbridge Inc. 4.90% Pfd Ser 19	178,125	171,356	1.6
30,000	Parkland Fuel Corp.	774,009	969,000	9.0
33,000	Pembina Pipeline Corp.	924,164	1,502,490	13.8
24,400	PrairieSky Royalty Ltd.	599,363	633,180	5.9
25,000	Vermilion Energy Inc.	1,012,696	1,185,250	10.9
123,675	Whitecap Resources Inc.	1,072,289	1,101,944	10.2
		6,248,711	7,057,170	65.3
	Materials			
25,285	Teck Resources Ltd.	516,176	846,795	7.8
	Utilities			
28,900	Northland Power Inc.	652,828	708,917	6.6
	Exchange Traded Fund			
63,650	Horizons Active Preferred Share ETF	602,014	608,494	5.6
	TOTAL CANADIAN EQUITIES	8,019,729	9,221,376	85.3
	U.S. EQUITIES			
6,600	Exxon Mobil Corp.	707,170	718,256	6.7
	TOTAL U.S. EQUITIES	707,170	718,256	6.7
	INTERNATIONAL EQUITIES			
15,000	Brookfield Renewable Energy Partners L.P.	376,861	591,900	5.5
	TOTAL INTERNATIONAL EQUITIES	376,861	591,900	5.5
	Transaction costs	(17,680)		
	Total investments	$ 9,086,080	10,531,532	97.5
	Other assets, net of liabilities		265,775.00	2.5
	Total net assets attributable to holders of redeemable units		$ 10,797,307	100.0

See accompanying Notes to the Financial Statements.

1. THE FUND

(a) Establishment of the Fund
Energy Income Fund (the "Fund") is the name of the combined fund resulting from the merger on October 4, 2010 of Sustainable Production Energy Trust, Energy Plus Income Trust and CGF Resource 2008 Flow Through LP. The address of the Fund's registered office is 1325 Lawrence Avenue East, Suite 200, Toronto, ON M3A 1C6, Canada.

(b) Description of the Fund
The Fund is a closed-end investment trust. Artemis Investment Management Limited ("Artemis" or the Manager") is the investment fund manager of the Fund. The Fund has one class of units (each, a "Unit") outstanding. The Units trade on the Toronto Stock Exchange ("TSX") under the symbol ENI.UN. The Fund's portfolio is managed by Vestcap Investment Management Inc. (the "Portfolio Advisor").

The financial statements were authorized for issue by Artemis Investment Management Limited on August 21, 2018.

2. INVESTMENT OBJECTIVES OF THE FUND

The Fund's investment objectives are to provide the Unitholders with monthly cash distributions and to achieve a total return on the portfolio that is greater than the total return provided by the benchmark index, as selected by the Manager from time to time. The benchmark index is the S&P/TSX Capped Energy Trust Index.

3. INCOME TAXES

The Fund is a mutual fund trust within the meaning of the *Income Tax Act* (Canada) and is subject to applicable federal and provincial taxes on the amount of net income for tax purposes for the year; to the extent such net income for tax purposes has not been paid or made payable to Unitholders in the year.

The Fund may be liable to pay income or profits tax on income or gains derived from investments in the U.S. and other foreign countries. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the statements of comprehensive income.

As of December 31, 2017, the Fund had non-capital losses of approximately $988,606 (2016 – $988,606) that will start to expire in 2033, and capital losses of approximately $21,045,716 (2016 – $21,167,378). Capital losses can be carried forward indefinitely and offset against capital gains in future years.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") including International Accounting Standard 34 ("IAS 34"): Interim Financial Reporting, as published by the International Accounting Standards Board ("IASB"). These financial statements are not audited by external auditors.

(a) Cash
Cash includes cash at bank and cash equivalents.

(b) Financial instruments
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 purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured 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. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the

amount required to be received or paid, discounted, when appropriate, on the accrual basis based on the bond coupon rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with Unitholders.

Financial assets and liabilities are offset and the net amount reported in the statements 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. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

Transition to IFRS 9

Effective January 1, 2018, the Fund adopted IFRS 9 – Financial Instruments. The standard has been retrospectively applied. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. During 2017, the Fund performed a detailed impact assessment of all three aspects of IFRS 9. The standard does not have a material impact on the measurement basis of the financial assets held by the Fund since a majority of the financial assets are measured at fair value through profit or loss. There is no significant impact on the net assets of the Fund from the adoption of IFRS 9.

Classification and Measurement

Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). To determine the appropriate classification and measurement category, IFRS 9 requires an entity to consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments. The Fund has performed an assessment of the business model and contractual cash flows and there is no significant impact on its balance sheet from applying the classification and measurement requirements of IFRS 9.

An element of the Fund's business model is to manage financial assets with the objective of realizing cash through the sale of assets. Decisions are made based on the assets' fair values and assets are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. The Fund continues measuring at FVTPL all financial assets currently held at fair value. Debt securities are measured at FVTPL under IFRS 9 as the Fund does not hold the assets to collect contractual cash flows based on their business model. Collection of the contractual cash flows is not integral to achieving the Fund's business model objective but is instead incidental to it.

Loans, as well as trade receivables, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, these continue to be measured at amortized cost under IFRS 9.

Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized costs or FVOCI. Financial assets held by the Fund, which are measured at FVTPL, are not subject to the new impairment requirements.

With respect to loans and receivables, the Fund considers both historical analysis and forward looking information in determining any expected credit loss. As at the financial statement date, all loans and receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Fund to credit risk, no loss allowance has been recognized as any such impairment should not have a significant impact on the financial statements.

Hedging

The Fund has not applied hedge accounting under IAS 39 and does not apply hedge accounting under IFRS 9. There is no impact from the adoption of IFRS 9.

(c) Valuation of investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. 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. See note 6 for a description of each fair value measurements within a hierarchy level.

(d) Investment transactions and income recognition

i. Investment transactions are accounted for on the trade date;
ii. Interest income for distribution purposes is recognized on an accrual basis based on the bond's coupon rate;
iii. Dividend income is recorded on the ex-dividend date; and
iv. Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost of the related investments.

(e) Foreign currency translation

The functional and presentation currency of the Fund is the Canadian dollar.

The fair value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rates prevailing on each valuation date.

Purchases and sales of investments, and income and expenses denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions. Realized exchange gains (losses) on investments, and unrealized exchange gains (losses) on investments, if any, are included in net realized gain on sale of investments and change in unrealized appreciation (depreciation) in value of investments in the statements of comprehensive income.

(f) Distributions

Distributions to Unitholders are recorded by the Fund when declared.

(g) Securities lending

The Fund may lend portfolio securities in order to earn additional revenue. The minimum allowable collateral is 102% of the current value of the loaned securities, as per the requirements of National Instrument 81-102. The market value of the loaned securities is determined on the close of any valuation date, and any additional required collateral is made by the Fund on the next business day. The securities on loan continue to be included on the schedule of investments and are included in the total value on the Statements of Financial Position in financial assets at FVTPL.

As at June 30, 2018 and December 31, 2017, the Fund had no securities on loan.

(h) Increase (decrease) in net assets attributable to holders of redeemable Units

Increase (decrease) in net assets attributable to holders of redeemable Units from operations per Unit represents the net increase (decrease) in net assets attributable to holders of redeemable Units from operations divided by the average Units outstanding during the periods.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use its judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Fair value measurement of derivatives and securities not quoted in an active market

Fair values of instruments not quoted in active markets are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 6 for further information about the fair value measurement of the Fund's financial instruments.

Fair value measurement of financial assets and loans and receivables

The Fund considered its business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments and concluded that the collection of the contractual cash flows is not integral to achieving the Fund's business model objective. Respectively, the Fund measures all financial assets at FVTPL and loans and receivables at amortized cost under IFRS 9.

6. FAIR VALUE DISCLOSURES

The Fund classifies fair value measurements within a hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3)(the "Fair Value Hierarchy"). The three levels of the Fair Value Hierarchy are:

Level 1 inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date;

Level 2 inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 inputs that are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the Fair Value Hierarchy as at June 30, 2018 and December 31, 2017.

June 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equities	$ 10,531,532	$ –	$ –	$ 10,531,532

December 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equities	$ 10,529,093	$ –	$ –	$ 10,529,093

There were no transfers of assets or liabilities between Levels during period ended June 30, 2018 and the year ended December 31, 2017.

All fair value measurements above are recurring. The carrying values of cash, dividends receivable, other receivables, distributions payable, management fees and investment management fees payable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case, it is classified as Level 3.

As of June 30, 2018 and December 31, 2017, the Fund had no securities that were classified as Level 3 financial instruments.

7. UNITS ISSUED AND OUTSTANDING

(a) Authorized

The authorized capital of the Fund consists of an unlimited number of trust Units which are transferable redeemable Units of beneficial interest.

The Fund's redeemable Units entitle Unitholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the NAV of the Fund, amongst other contractual rights. These redeemable Units involve multiple contractual obligations on the part of the Fund and therefore meet the criteria for classification as financial liabilities. The Fund's obligation for net assets attributable to Unitholders is measured at FVTPL, with fair value being the redemption amount as of the reporting date.

The following Unit transactions took place during the periods ended June 30, 2018 and 2017:

(b) Units issued and outstanding

For the periods ended	June 30, 2018	June 30, 2017
Units, beginning of period	4,218,273	4,619,269
Issued under distribution reinvestment plan ("DRIP")	4,379	2,915
Units, end of period	4,222,652	4,622,184

(c) Redemptions and retractions

The maximum number of Units redeemable in a year pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the last business day of November in the preceding year, less the number of Units repurchased for cancellation or otherwise redeemed by the Fund during the preceding twelve-month period. The Fund did not repurchase any Units for cancellation during the periods ended June 30, 2018 and 2017.

Unitholders are entitled to retract their Units outstanding on the last business day of each month at an amount equal to (a) the lesser of: (i) 90% of the weighted average trading price of a Unit on the TSX during the preceding 15 trading days and (ii) the closing market price on the TSX on that day, less (b) any retraction costs.

Unitholders are also entitled to retract their Units outstanding on the second to last business day of each November (the "Annual Redemption Date") at an amount equal to 100% of the NAV per Unit determined as of the Annual Redemption Date less any retraction costs.

Pursuant to an annual redemption in November 2017, 407,061 Units (2016 – 426,360) were redeemed for a total cost of $1,023,514 (2016 – $1,169,378).

(d) Distribution Reinvestment Plan

Units issued under the DRIP program will be issued at a 5% discount to the applicable 5-day volume-weighted average trading price of the Units. As a result, Unitholders participating in the plan will be acquiring Units at a discount to the market price of the Fund's Units.

8. RELATED PARTY TRANSACTIONS

The Fund is responsible for all expenses incurred on its behalf. Artemis generally has all expenses incurred by the Fund paid directly by the Fund.

The Manager is entitled to receive a management fee of 0.70% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly. For the period ended June 30, 2018, management fees totaled $40,463 (2017 – $47,794), of which $6,691 was payable as at June 30, 2018 (2017 – $9,373).

The Portfolio Advisor receives a fee of 0.40% per annum of the average NAV of the Fund, plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the period ended June 30, 2018, investment management fees totaled $23,122 (2017 – $27,311), of which $3,823 was payable at June 30, 2018 (2017 – $5,356).

Administrative expenses for the period ended June 30, 2018 totaled $41,903 (2017 – $42,216). As part of these expenses, the Fund pays a general overhead cost to Artemis. Artemis receives $5,000 per month plus applicable taxes to cover related administrative salaries, employee benefits, general overhead, and office supplies.

For redemptions or repurchases, the Manager is entitled to receive a fee per Unit of 5% of the NAV per Unit plus applicable taxes.

9. PORTFOLIO TRANSACTION COSTS

For the period ended June 30, 2018, the Fund incurred portfolio transaction costs of $389 (2017 – $2,617) of which soft dollar commissions were $260 (2017 – $1,666).These costs are recorded separately in the Statements of Comprehensive Income as an expense for the period.

10. FINANCIAL RISK MANAGEMENT

The Fund aims to provide Unitholders with monthly distributions primarily through investments in energy-related companies. As a result, the Fund is exposed to the risk of being invested, on a concentrated basis, in these asset classes. The Fund's Manager uses a disciplined, fundamental approach in its investment selection and portfolio management approach which consists of an intensive and ongoing research process of investment opportunities. The Manager purchases and holds securities for the Fund for the short to medium term and also determines the timing of when to rotate the Fund's portfolio in order to enhance the Fund's portfolio performance and/or limit risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in being invested in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities through diversification of the investment portfolio. The Manager monitors the Fund's overall market positions on a weekly basis and positions are maintained within established ranges.

The most significant exposure to market risk is from equity securities. As at June 30, 2018, had the prices on the benchmark index raised (lowered) by 5%, with all other variables held constant, net assets attributable to holders of redeemable Units would have increased (decreased) by approximately $279,952 (2.6% of NAV) (December 31, 2017 – $325,148, 2.9% of NAV). In practice, the actual results may differ and the difference could be material. The benchmark index is the S&P/TSX Capped Energy Trust Index.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The schedule of investments identifies all investments denominated in foreign currencies. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

As at June 30, 2018, the Fund invested approximately 7.2% (December 31, 2017 – 6.8%) of the net assets in U.S. currency. As at June 30, 2018, if the Canadian dollar had strengthened (weakened) by 5%, with all other variables held constant, net assets attributable to holders of redeemable Units would have decreased (increased) by $38,709 (0.4% of NAV) (December 31, 2017 – $37,390, 0.3% of NAV). In practice, the actual results may differ and the difference could be material.

(c) 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. Interest rate risk arises when the Fund invests in interest-bearing financial instruments.

As at June 30, 2018, the Fund had approximately 100% of the investment portfolio in equity securities (December 31, 2017 – 100%). Cash and short-term investments earn minimal interest. As at June 30, 2018 and December 31, 2017, the majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk.

(d) Credit risk

Credit risk is the risk that an issuer or a counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid for) upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by their carrying amount.

The Fund's cash is mainly held with Royal Bank of Canada, which is rated AA as at June 30, 2018 (December 31, 2017 – AA) based on DBRS (originally known as Dominion Bond Rating Service) ratings. The Manager monitors the financial position on a quarterly basis. As at June 30, 2018 and December 31, 2017, the Fund had no significant exposure to credit risk.

(e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial obligations. The Fund is exposed to a monthly redemption of Units at which time the Units of the Fund are redeemed at the current transactional net assets per Unit. Liquidity risk is managed by investing the Fund's assets in investments that can be readily disposed of.

The Fund's liquid investments are considered to be in excess of the redemption requirements. Therefore, as at June 30, 2018 and December 31, 2017, the Fund's liquidity risk is considered minimal.

(f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	Percent of NAV	
Sector	June 30, 2018	December 31, 2017
Canadian Equities		
Oil and gas corporations	65.3	64.2
Materials	7.8	10.3
Utilities	6.6	6.1
U.S. equities	6.7	3.3
International equities	5.5	6.0
Exchange traded funds	5.6	5.6
Other assets, net of liabilities	2.5	4.5
Total	100.0	100.0

11. CAPITAL MANAGEMENT

The Fund's capital is its net assets attributable to holders of redeemable Units. The Manager maintains the Fund's capital in accordance with its investment objectives, strategies and restrictions as detailed in the Amended and Restated Declaration of Trust as of March 7, 2014.

12. INVESTMENT IN UNCONSOLIDATED STRUCTURED ENTITIES

As of June 30, 2018, the Fund held Exchange Traded Fund ("ETF") with the fair value of $608,494 (December 31, 2017 – $616,132). The Fund does not control or have significant influence in the ETF.

13. RECENT DEVELOPMENTS

Monthly distributions for 2018

On January 12, 2018, the Fund announced distributions for 2018 of $0.01 per Unit per month. Unitholders of record on the last day of each month of 2018 would be paid distributions on the 15th day (or first business day thereafter) of the ensuing month.

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