

Counsel North American High Yield Bond

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended March 31, 2020

Fund Manager

Counsel Portfolio Services Inc.

Sub-Advisor

Putnam Investments Canada ULC

This Annual Management Report of Fund Performance contains financial highlights but does not contain either the annual or interim financial statements of the investment fund. If you have not received a copy of the financial statements with this report, you may obtain a copy at no cost, by calling toll-free at 1-877-216-4979, by writing to us at Counsel Portfolio Services Inc, 5015 Spectrum Way, Suite 300, Mississauga, Ontario, L4W 0E4, by visiting our website at www.counsel-services.com or by visiting the SEDAR website at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure. For more information, please refer to the Fund's Simplified Prospectus and Annual Information Form, which may also be obtained, at no cost, using any of the methods outlined above.

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

CAUTION ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements which reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as: "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in securities legislation, changes in government regulations, changes in tax law, unexpected judicial or regulatory proceedings, catastrophic events and the ability of Counsel Portfolio Services Inc. to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.

The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

Management Discussion of Fund Performance

July 13, 2020

This Management Discussion of Fund Performance presents the views of Counsel Portfolio Services Inc. ("Counsel") on the significant factors and developments during the year ended March 31, 2020 that have affected the Fund's performance and outlook. For information on the Fund's longer-term performance, please refer to the *Past Performance* section of the report.

In addition, net asset value (NAV) refers to the value of the Fund or a series, as calculated for transaction purposes, on which the discussion of Fund performance is based.

Investment Objective and Strategies

The Fund seeks a high level of income with the potential for long-term growth by either directly or through securities of other mutual funds, primarily in Canadian and U.S. fixed-income securities, as well as mortgage backed securities, equity and equity-like securities that are expected to produce income.

Risk

The overall level of risk of investing in the Fund remains as discussed in the Fund's initial Simplified Prospectus. The Fund is suitable for investors who seek North American fixed income investments to hold as part of their portfolio; want a medium-term investment; can handle the ups and downs of bond markets; and have a low tolerance for risk. The Fund is not available to retail investors and is only available on a prospectus-exempt basis.

Results of Operations

Investment Performance

The performance of the Fund's Series O securities is discussed below. The performance of all other series offered by the Fund is shown in the *Past Performance* section of this report. Series returns may differ for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of different levels of fees and expenses charged to each series. Please refer to the *Series Information* section of this report for the varying management and administration fees payable by each series.

During the year, the Fund's Series O securities returned -2.71%. This compares with a -1.40% return of the mandate specific index Bank of America Merrill Lynch High Yield Total Return Index. All index and series returns are calculated on a total return basis in Canadian dollar terms.

The Fund underperformed the broad-based FTSE TMX Canada Bond Universe Total Return Index, which returned 4.46%. The broad-based index is comprised of Canadian fixed-income securities and has no exposure to high-yield, whereas the Fund invests in both Canadian and U.S. high-yield fixed-income securities. Given the Fund's composition, the mandate-specific index provides a more meaningful comparison.

The Fund underperformed the mandate-specific index primarily due to security selection within the Retail and Housing sectors.

The Fund commenced the period with a 25% target hedge against the U.S. dollar ("USD") which was eliminated April 16, 2019. For the remainder of the 12-month period, the Fund only had partial target hedges, ranging from 25-50%, established between August 6 and October 17, 2019 and from February 2, 2020 to March 17, 2020. During this period, the Canadian dollar ("CAD") depreciated 5.51% against the USD. As a result, the USD currency exposures had a positive impact on the Fund's performance but were partially offset by the periods where some of that exposure was hedged.

Net Assets

The Fund's NAV increased by \$6.1 million, or 7.5%, to \$87.4 million as at March 31, 2020, from \$81.3 million at March 31, 2019. Of this increase, \$9.4 million was attributable to net sales and partially offset by a \$3.3 million decrease due to investment performance (after deducting fees and expenses).

Fees and Expenses

The Management Expense Ratio ("MER") for Series O of 0.00%, during the year ended March 31, 2020, was unchanged from the year ended March 31, 2019. No expenses (including management or administration fees) are charged to Series O, other than certain specific fund costs (primarily interest).

Recent Developments

Governments worldwide have enacted emergency measures to combat the spread of the COVID-19 virus in the last several months. These measures have caused significant volatility and weakness in global equity markets and material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic on business and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

The sub-advisor's outlook for the high yield market is impacted by the current global health crisis, whose longevity and depth are still unknown. Q4 2019 earnings largely exceeded expectations; however, there is augmented uncertainty about the global economic growth outlook due to the virus and short-term risks appear skewed to the downside. The sub-advisor remains keenly focused on sectors less susceptible to the COVID-19 outbreak, the health of balance sheet and liquidity metrics, as well as increasing downgrade and/or default risk. Although overall default levels had previously been below historical long-term averages of 3.0-3.5%, the sub-advisor does expect default rates to rise, especially in troubled sectors like Energy. Volatile markets driven by dislocated fundamentals have elevated trading volumes.

From a valuation standpoint, credit spreads look very attractive, given the recent widening on the heels of COVID-19 uncertainty. High yield may also present an attractive overall yield proposition in the face of much lower global rates. However, risks related to COVID-19, commodity price volatility, policy missteps from global central banks, and/or heightened geopolitical tension continue to offset this optimism.

The Fund's target hedge of 50% against USD exposure was eliminated in mid-March 2020. Currency hedging is dynamic and may vary between 0-100% at our discretion based on our assessment of currency market conditions.

In Q3 2020, Counsel will expand its ESG (environmental, social and governance) program such that it will prohibit investments in companies that are:

- severe violators of social norms including human rights, labour rights, the environment, and corruption based on Principles of the U.N. Global Compact and the OECD Guidelines for Multinational Enterprises.
- primarily (50% or greater) in the business of manufacturing and distributing tobacco products
- deriving at least 30% of their revenue from coal mining or generating power where the output is derived at least 30% from the use of coal
- manufacturing banned or controversial weapons that can have a disproportionate and indiscriminate impact on civilian population.

The Fund's holdings are not expected to be materially impacted by the prohibitions.

Related Party Transactions

Management and Administration Services

Top Funds represent nearly all of the Fund's investors. As a result, Counsel pays all costs and expenses (other than certain specified fund costs) required to operate the Fund. No management or administration fees are paid by the Fund.

Other Related Party Transactions

Other investment funds managed by Counsel ("Top Funds") invest in Series O securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. At March 31, 2020, Top Funds owned 100% of the Fund's NAV. As of March 31, 2020, Counsel had not received any additional notice of large redemptions. All related party transactions are based on the NAV per security on each transaction day.

The Fund did not rely on an approval, positive recommendation, or standing instruction from the Counsel Funds' Independent Review Committee ("IRC") with respect to any related party transactions.

Series Information

The Fund may issue an unlimited number of securities for each series. The number of issued and outstanding securities of each series is disclosed in *Financial Highlights*. A 10-year history of the major changes affecting the Fund can be found in the Fund's Annual Information Form, available at www.counselinvestments.com.

	Date of Inception	Minimum Investment (\$)	Management Fee (%)	Administration Fee (%)
Series O ^{1,3}	October 29, 2015	-	-	-
Series R ^{2,3}	October 29, 2015	-	-	-

¹ There are no management or administration fees for this series since these securities are designed to facilitate fund-of-fund investing where duplication of management fees is prohibited.

² This series is not available for sale and is held solely by Counsel. On December 10, 2018, this series was terminated.

³ Securities of this series are not subject to sales charges or redemption charges.

Past Performance

The indicated rates of return are the historical annual compound total returns, including changes in NAV per security and assuming reinvestment of all distributions. They do not take into account sales, redemption, distribution or optional sales charges, management fees directly payable by investors or income taxes payable by any investor that would have reduced returns. Returns for each series primarily differ because fees and expenses vary for each series. Please refer to *Series Information* for further information. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

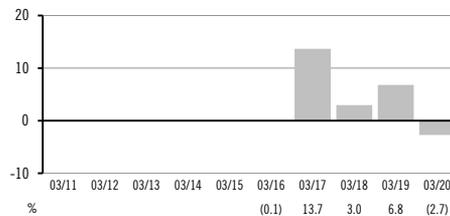
If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes, whether paid in cash or reinvested in additional securities. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-Year Returns

The bar chart shows how much an investment made on the first day of each financial year would have increased or decreased by the end of the respective periods. For the first year of a series, the percentage

shown will be the actual return of the series from its inception date, which can be found under *Series Information*. The chart illustrates how the Fund's performance has changed over time.

SERIES 0



Annual Compound Returns

The Annual Compound Return table shows the annual compound total return for each series of the Fund for the periods shown ended March 31, 2020. The annual compound total return is also compared to the Fund's benchmark(s)¹ calculated on the same compound basis.

(%)	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Series O	(2.71)	1.86	n/a	n/a	2.55
ICE Bank of America Merrill Lynch US High Yield Index	(1.40)	2.76	n/a	n/a	5.42
FTSETMX Canada Universe Bond Index	4.46	3.68	n/a	n/a	3.45

¹ The ICE Bank of America Merrill Lynch US High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

The FTSE TMX Canada Universe Bond Index is a broad measure of the total return of Canadian bonds that mature in more than one year. It includes a broad range of Canadian federal, provincial, municipal and corporate bonds rated BBB or higher.

Summary of Investment Portfolio

as at March 31, 2020

The largest holdings of the Fund (up to 25) as at the end of the period and the major asset classes in which the Fund was invested are indicated below. The investments and percentages may have changed by the time you purchase securities of this Fund. The top 25 holdings are made available quarterly, 60 days after quarter-end, except for March 31, which is the fiscal year-end for the Fund, when they are available after 90 days. Please see the front page for information about how they can be obtained.

Summary of Top 25 Holdings

	% of net asset value
Cash and cash equivalents	7.9
CCO Holdings LLC 5.38% 06-01-2029 Callable 2024 144A	1.6
Ally Financial Inc. 8.00% 11-01-2031	1.0
Sprint Corp. 7.88% 09-15-2023	0.8
CHS/Community Health Systems Inc. 6.25% 03-31-2023 Callable	0.7
Diamond I Finance Corp. 6.02% 06-15-2026 Callable 2026 144A	0.7
Kraft Heinz Foods Co. 3.00% 06-01-2026 Callable 2026	0.7
Tenet Healthcare Corp. 4.88% 01-01-2026 Callable 2022 144A	0.7
Altice France 5.50% 01-15-2028 Callable 2022 144A	0.6
T-Mobile USA Inc. 4.75% 02-01-2028 Callable 2023	0.6
Navistar Inc. Term Loan B 1st Lien F/R 11-06-2024	0.6
DISH DBS Corp. 5.88% 11-15-2024	0.6
Staples Inc. 7.50% 04-15-2026 Callable 2022 144A	0.6
The AES Corp. 5.13% 09-01-2027 Callable 2022	0.5
SS&C Technologies Inc. 5.50% 09-30-2027 Callable 2022 144A	0.5
Level 3 Financing Inc. 5.25% 03-15-2026 Callable 2021	0.5
Financial & Risk US Holdings Inc. Term Loan B 1st Lien F/R 10-01-2025	0.5
CSC Holdings LLC 5.25% 06-01-2024	0.5
Tempo Acquisition LLC 6.75% 06-01-2025 Callable 2020 144A	0.5
Vertiv Group Corp Term Loan B 1st Lien F/R 03-02-2027	0.5
Albertsons Cos. Inc. 4.63% 01-15-2027 Callable 2023 144A	0.5
VRX Escrow Corp. 6.13% 04-15-2025 Callable 2020 144A	0.5
Smurfit Kappa Funding PLC 7.50% 11-20-2025	0.5
Novelis Corp. 5.88% 09-30-2026 Callable 2022 144A	0.5
Bausch Health Cos. Inc. 7.00% 03-15-2024 Callable 2020 144A	0.5
	23.1

Summary of Composition of the Portfolio

	% of net asset value
BY ASSET TYPE	
Corporate Bonds	87.5
Bank Loans	5.7
Equities	0.9
Cash and cash equivalents	7.9
Other	(2.0)
Total	100.0
BY REGION	
United States	80.2
Europe ex U.K.	5.5
Canada	2.5
United Kingdom	2.4
Middle East and Africa	1.1
Latin America	0.4
Cash and cash equivalents	7.9
	100.0
BY SECTOR	
Corporate Bonds	87.5
Bank Loans	5.7
Financials	0.2
Real Estate	0.2
Communication Services	0.2
Health Care	0.1
Information Technology	0.1
Industrials	0.1
Cash and cash equivalents	7.9
Other	(2.0)
	100.0
CURRENCY EXPOSURE	
United States dollars	101.5
Euro	0.2
Canadian dollars	(1.7)
	100.0
FIXED INCOME BY CREDIT RATING	
AA	0.5
A	0.2
BBB	8.0
BB	42.1
B	32.1
CCC	8.1
Less than CCC or unrated	2.9
	93.9

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 financial years (as applicable). In the year a series is established, "period" represents from inception to the end of that period.

Footnotes are presented after *Ratios and Supplemental Data*.

Net Assets per Security¹

Series O (in \$)	12 mo				
	Mar. 31				
	2020	2019	2018	2017	2016
² Net assets, beginning of period	9.87	9.81	10.46	9.84	10.00
Increase (decrease) from operations:					
Total revenue	0.57	0.61	0.61	0.60	0.16
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	0.03	(0.41)	0.41	0.06	(0.02)
Unrealized gains (losses) for the period	(0.86)	0.44	(0.72)	0.65	(0.15)
³ Total increase (decrease) from operations	(0.26)	0.64	0.30	1.31	(0.01)
Distributions:					
From income (excluding Canadian dividends)	(0.57)	(0.59)	(0.61)	(0.61)	(0.15)
From Canadian dividends	-	-	-	-	-
From capital gains	-	-	(0.35)	(0.08)	-
Return of capital	-	-	-	-	-
⁴ Total annual distributions	(0.57)	(0.59)	(0.96)	(0.69)	(0.15)
² Net assets at period end	9.05	9.87	9.81	10.46	9.84

Ratios and Supplemental Data

Series O	12 mo				
	Mar. 31				
	2020	2019	2018	2017	2016
² Total net asset value (pricing NAV) (\$000's)	87,402	81,315	82,669	87,293	60,916
Number of securities outstanding (000's)	9,654	8,242	8,431	8,345	6,194
⁵ Management expense ratio (%)	-	-	-	-	-
⁵ Management expense ratio before waivers or absorptions (%)	-	-	-	-	-
⁶ Trading expense ratio (%)	0.01	0.01	0.02	0.02	0.02
⁷ Portfolio turnover rate (%)	-	30.36	86.34	47.39	10.40

¹ These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. The information presented is derived from the Fund's financial statements prepared in accordance with IFRS.

² The net assets presented here and in the financial statements and this table may differ from the NAV.

³ NAV and distributions per security figures are based on the actual number of securities outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of securities outstanding over the financial period.

⁴ Distributions were paid in cash, reinvested in additional securities of the Fund, or both.

⁵ MER and MER before waivers or absorptions ("Gross MER") are based on total expenses borne by the Fund, excluding commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of average daily NAV during the period. In the period a series is established, the MERs and Gross MERs are annualized from the date of inception to the end of the period.

Where the Fund invests in securities of an Underlying Fund, the MERs and Gross MERs presented for the Fund include the portion of MERs of the Underlying Fund(s) attributable to this investment.

⁶ The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs incurred as a percentage of daily average NAV during the period. Where the Fund invests in securities of an Underlying Fund, the TERs presented for the Fund include the portion of TERs of its Underlying Fund(s) attributable to this investment.

⁷ The portfolio turnover rate ("PTR") indicates how actively the portfolio advisor manages the investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher PTR in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high PTR and the performance of the Fund. Costs incurred to realign the Fund's portfolio after a fund merger, if any, are excluded from the PTR.

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