



CC&L Core Income and Growth Fund

Interim Management Report of Fund Performance

For the period ended
June 30, 2023

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling us directly at 1.800.939.9674, by writing to us at 1400 – 130 King St. W., P.O. Box 240, Toronto, ON, M5X 1C8 or by visiting our website at www.cclfundsinc.com, or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Results of Operations

As at June 30, 2023, CC&L Core Income and Growth Fund (the “Fund”) held \$145.3 million in total net assets. During the period, investors in Series A units in the Fund experienced a return of 1.59%. The blended benchmark for the Fund (50% S&P/TSX Composite Index, 25% S&P/TSX Capped REIT Index, 25% FTSE Canada All Corporate Bond Index) returned 3.77% over the period. The performance of the different series within the funds will vary due to the differences in their expense structures. For specific returns by series, please refer to the “Past Performance” section of this report.

Following a volatile December, the global macroeconomic backdrop strengthened and contributed to a strong start for global equity markets in January, largely in response to China’s economic reopening and lower natural gas prices in Europe. In March, financial markets experienced a significant shock when a confluence of factors led to a bank run across US regional banks that ultimately resulted in the second- and third-largest US bank failures in history. Despite support from federal regulators, the turbulence spilled over into Europe with the collapse of Switzerland’s Credit Suisse, a systematically important financial institution that was ultimately merged with its largest domestic peer, UBS. Inflation has remained higher than expected which has resulted in further interest rate hikes by central banks in developed markets. Overall, despite recession fears, economic activity and corporate earnings has proved more resilient against higher interest rates. In the second quarter, investor sentiment improved in response to multiple factors, including the resolution of the US debt ceiling discussions, as well as growing enthusiasm regarding artificial intelligence (AI) that helped to bolster the outlook for the technology sector. Through these events, the S&P/TSX Composite moved up 5.8%.

In the first half of 2023, equity market leadership reversed from the previous year. After a challenging 2022, growth stocks significantly outperformed their value counterparts. For example, the technology sector in Canada was the top-performing sector, after being one of the largest underperformers in 2022. The energy sector also experienced a strong reversal, as it was the top-performing sector in 2022 but was one of the weakest-performing sectors during the first half of 2023. In terms of market leadership, technology was by far the strongest-performing sector, largely driven by investors’ enthusiasm for the potential of generative Artificial Intelligence. As a result, market leadership was concentrated within the technology sector, while the performance of other areas of the market were more muted.

The investment objectives of CC&L’s Core Income & Growth strategy are to maximize long-term total return while protecting the capital value of the portfolio from major market fluctuations and deliver a dividend yield higher than the benchmark. During the first half of 2023, the portfolio delivered a positive return and slightly underperformed the benchmark. The equity portion of the portfolio and the asset mix positioning had a neutral impact on the relative performance while the fixed income sleeve detracted slightly. Within the equity sleeve, security selection contributed positively and sector allocation had a negative impact. Stock picking within real estate was the largest source of added value. The overweight positions in multi-family residential REITs such as Canadian Apartment REIT and Minto Apartment REIT were positively rewarded. From a sector perspective, the underweight to the technology sector detracted value.

Recent Developments

Canada and the US both reported resilient economic activity and better-than-feared corporate earnings during the second quarter. A strong employment picture and the tremendous amount of excess savings accumulated during the pandemic have acted as buffers against the economic impact of rising interest rates, likely delaying the widely expected economic slowdown. However, we remain cautious with regard to the economy as we believe that excess savings will eventually wane. We also believe central banks remain determined to slow economic growth through further interest rate increases in their effort to combat elevated inflation. As a result of the US regional bank issues that surfaced earlier in 2023, we believe tighter lending standards could also negatively impact economic growth over the next 12 months. Numerous economic leading indicators continue to point to an impending recession, including an inverted yield curve and weak manufacturing data. We continue to have a somewhat negative outlook for equity markets and anticipate declining profit margins, sticky wages (with diminished pricing power) and further negative earnings revisions in the coming few quarters.

Our largest overweight positions remain in companies with the ability to deliver strong fundamentals in a lower-growth, elevated-inflation environment. Clean balance sheets are increasingly important, given high interest rate environment. We remain cautious regarding banks as we expect profitability over the next 12 months to be lower than previously anticipated, in response to higher funding costs, rising credit losses and increased capital requirements. The widespread excitement about artificial intelligence (AI) aligns with our secular theme of elevated capital expenditure that, to date, has included building resilient supply chains and the “greening” of energy sources. We have added to our holdings in technology companies as we believe there are fundamental benefits over our investment horizon. We also expect to see a continued flow of funds into the sector.

Looking ahead, we plan to maintain the portfolio’s focus on stability. Given our view that the slowdown will be relatively mild compared to the prior two recessions, we will look to reduce the portfolio’s underweight positions in the more cyclical areas of the market as valuation opportunities arise. Over the medium term, our economic outlook is quite positive, given the more stable starting point for consumer balance sheets, pent-up demand for capital spending, the productivity-enhancing impact of AI, and the infrastructure spending required for clean energy and onshoring activity.

Caution regarding forward-looking statements

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward looking statements including, but not limited to, statements relating to the Fund, its strategy, risks, expected performance and condition. The use of any of the words “anticipate”, “may”, “will”, “expect”, “estimate”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. In addition, any statement that is predictive in nature, that depends upon or refers to future events or conditions, or that may be made concerning future performance, strategies or prospects, and possible future action to be made by the Fund, the Manager and the Fund’s portfolio manager, is also a forward-looking statement.

Such statements reflect the opinion of CFI and the Fund’s portfolio manager, Connor, Clark & Lunn Investment Management Ltd., regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Fund, and are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, regulatory framework and the general business environment and other relevant information available at the time of this report. Changes in these factors may cause actual results to differ materially from the forward-looking information.

CFI believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable, but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements.

We stress that the above mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing any undue reliance on forward-looking statements. Further, you should be aware of the fact that there is no specific intention of updating any forward-looking statements contained therein whether as a result of new information, future events or otherwise.

Related Party Transactions

CFI is affiliated with Connor, Clark & Lunn Financial Group Ltd. As disclosed in the prospectus and annual information form, the portfolio manager retained by the Fund, Connor, Clark & Lunn Investment Management Ltd., is also affiliated with Connor, Clark & Lunn Financial Group Ltd. During the period ended June 30, 2023, no additions or deletions were made to the portfolio managers providing services to the Fund.

As Manager, CFI receives management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of each respective series of units of the Fund, as described in the section entitled “Management Fees”. These management fees are charged in the normal course of business and are measured at their exchange amount, which approximates that of an arm’s length transaction.

Recommendations or reports by the Independent Review Committee

The Independent Review Committee tabled no special reports and made no reportable material recommendations to the manager of the Fund during the period ended June 30, 2023.

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 information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit⁽¹⁾

| Series A | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets, beginning of year⁽¹⁾ | \$31.21 | \$35.06 | \$31.01 | \$31.30 | \$28.32 | \$0.00 |
| Increase (decrease) from operations: | | | | | | |
| Total revenues | 0.55 | 0.93 | 0.89 | 0.97 | 0.91 | 0.90 |
| Total expenses | (0.36) | (0.75) | (0.75) | (0.70) | (0.74) | (0.73) |
| Realized gains (losses) for the period | 0.95 | 1.83 | 0.89 | 0.20 | 1.08 | 1.77 |
| Unrealized gains (losses) for the period | (0.64) | (4.40) | 4.33 | 0.10 | 3.06 | (3.15) |
| Total increase (decrease) from operations⁽²⁾ | 0.50 | (2.39) | 5.36 | 0.57 | 4.31 | (1.21) |
| Distributions: | | | | | | |
| From net investment income (excluding dividends) | - | - | - | - | - | - |
| From dividends | (0.65) | (0.40) | (0.31) | (0.46) | (0.32) | (0.28) |
| From capital gains | - | (1.08) | - | - | - | - |
| Return of capital | - | - | (1.00) | (0.85) | (0.99) | (1.03) |
| Total distributions^(2,3,4) | (0.65) | (1.48) | (1.31) | (1.31) | (1.31) | (1.31) |
| Net assets at June 30 or December 31 of year shown^(1,2) | \$31.05 | \$31.21 | \$35.06 | \$31.01 | \$31.30 | \$28.32 |

Series A inception date: June 13, 2012

| Series C | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets, beginning of year⁽¹⁾ | \$33.02 | \$36.89 | \$32.44 | \$32.51 | \$29.24 | \$0.00 |
| Increase (decrease) from operations: | | | | | | |
| Total revenues | 0.58 | 0.97 | 0.93 | 1.01 | 0.94 | 0.93 |
| Total expenses | (0.31) | (0.66) | (0.66) | (0.56) | (0.62) | (0.63) |
| Realized gains (losses) for the period | 1.01 | 1.91 | 0.94 | 0.20 | 1.11 | 1.82 |
| Unrealized gains (losses) for the period | (0.67) | (4.76) | 4.52 | 0.42 | 3.24 | (3.23) |
| Total increase (decrease) from operations⁽²⁾ | 0.61 | (2.54) | 5.73 | 1.07 | 4.67 | (1.11) |
| Distributions: | | | | | | |
| From net investment income (excluding dividends) | - | - | - | - | - | - |
| From dividends | (0.65) | (0.40) | (0.31) | (0.46) | (0.32) | (0.28) |
| From capital gains | - | (1.09) | - | - | - | - |
| Return of capital | - | - | (1.00) | (0.85) | (0.99) | (1.03) |
| Total distributions^(2,3,4) | (0.65) | (1.49) | (1.31) | (1.31) | (1.31) | (1.31) |
| Net assets at June 30 or December 31 of year shown^(1,2) | \$32.95 | \$33.02 | \$36.89 | \$32.44 | \$32.51 | \$29.24 |

Series C inception date: June 4, 2012

| Series F | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets, beginning of year⁽¹⁾ | \$35.78 | \$39.61 | \$34.51 | \$34.33 | \$30.62 | \$0.00 |
| Increase (decrease) from operations: | | | | | | |
| Total revenues | 0.64 | 1.07 | 0.99 | 1.07 | 0.99 | 0.97 |
| Total expenses | (0.22) | (0.46) | (0.45) | (0.43) | (0.44) | (0.43) |
| Realized gains (losses) for the period | 1.09 | 2.07 | 0.98 | 0.21 | 1.19 | 1.88 |
| Unrealized gains (losses) for the period | (0.77) | (4.87) | 4.88 | 0.56 | 3.19 | (3.43) |
| Total increase (decrease) from operations⁽²⁾ | 0.74 | (2.19) | 6.40 | 1.41 | 4.93 | (1.01) |
| Distributions: | | | | | | |
| From net investment income (excluding dividends) | - | - | - | - | - | - |
| From dividends | (0.65) | (0.40) | (0.31) | (0.46) | (0.32) | (0.28) |
| From capital gains | - | (1.12) | - | - | - | - |
| Return of capital | - | - | (1.00) | (0.85) | (0.99) | (1.03) |
| Total distributions^(2,3,4) | (0.65) | (1.52) | (1.31) | (1.31) | (1.31) | (1.31) |
| Net assets at June 30 or December 31 of year shown^(1,2) | \$35.89 | \$35.78 | \$39.61 | \$34.51 | \$34.33 | \$30.62 |

Series F inception date: June 19, 2012

(1) This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not meant to be a reconciliation of beginning to ending net assets per share.

(3) The allocation of distributions between income and dividends is an estimate and may not reflect amounts distributed for tax purposes.

(4) Distributions were issued to unitholders by way of a combination of both cash payments and reinvestments in additional units of the Fund.

FINANCIAL HIGHLIGHTS

Ratios & Supplemental Data:

| Series A | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Total net asset value ('000s) ⁽¹⁾ | \$53,177 | \$52,231 | \$58,292 | \$53,774 | \$63,568 | \$56,361 |
| Number of units outstanding ⁽¹⁾ | 1,712,574 | 1,673,537 | 1,662,524 | 1,734,063 | 2,030,804 | 1,990,459 |
| Management expense ratio ⁽²⁾ | 2.18% | 2.23% | 2.19% | 2.23% | 2.28% | 2.31% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 2.18% | 2.23% | 2.19% | 2.23% | 2.28% | 2.31% |
| Portfolio turnover rate ⁽⁴⁾ | 27.64% | 40.34% | 19.86% | 41.82% | 50.84% | 57.99% |
| Trading expense ratio ⁽⁵⁾ | 0.06% | 0.04% | 0.02% | 0.06% | 0.04% | 0.06% |
| Net asset value per unit | \$31.05 | \$31.21 | \$35.06 | \$31.01 | \$31.30 | \$28.32 |

Series A inception date: June 13, 2012

| Series C | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Total net asset value ('000s) ⁽¹⁾ | \$7,568 | \$8,290 | \$15,777 | \$14,910 | \$16,458 | \$16,236 |
| Number of units outstanding ⁽¹⁾ | 229,664 | 251,060 | 427,663 | 459,568 | 506,179 | 555,259 |
| Management expense ratio ⁽²⁾ | 1.79% | 1.83% | 1.81% | 1.69% | 1.85% | 1.92% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 1.79% | 1.83% | 1.81% | 1.69% | 1.85% | 1.92% |
| Portfolio turnover rate ⁽⁴⁾ | 27.64% | 40.34% | 19.86% | 41.82% | 50.84% | 57.99% |
| Trading expense ratio ⁽⁵⁾ | 0.06% | 0.04% | 0.02% | 0.06% | 0.04% | 0.06% |
| Net asset value per unit | \$32.95 | \$33.02 | \$36.89 | \$32.44 | \$32.51 | \$29.24 |

Series C inception date: June 4, 2012

| Series F | Jun 30'23 | Dec 31'22 | Dec 31'21 | Dec 31'20 | Dec 31'19 | Dec 31'18 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Total net asset value ('000s) ⁽¹⁾ | \$84,562 | \$80,922 | \$73,487 | \$62,357 | \$52,995 | \$47,939 |
| Number of units outstanding ⁽¹⁾ | 2,356,261 | 2,261,378 | 1,855,348 | 1,806,694 | 1,573,734 | 1,565,724 |
| Management expense ratio ⁽²⁾ | 1.12% | 1.16% | 1.14% | 1.19% | 1.23% | 1.23% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 1.12% | 1.16% | 1.14% | 1.19% | 1.23% | 1.23% |
| Portfolio turnover rate ⁽⁴⁾ | 27.64% | 40.34% | 19.86% | 41.82% | 25.47% | 57.99% |
| Trading expense ratio ⁽⁵⁾ | 0.06% | 0.04% | 0.02% | 0.06% | 0.04% | 0.06% |
| Net asset value per unit | \$35.89 | \$35.78 | \$39.61 | \$34.51 | \$33.67 | \$30.62 |

Series F inception date: June 19, 2012

(1) This information is provided as at June 30 or December 31 of the years 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 manager of the Fund, CC&L Funds Inc., may waive certain fees or absorb certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is determined periodically on a series by series basis at the discretion of the manager and the manager can terminate the waiver or absorption at any time.

(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 a 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 the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(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.

MANAGEMENT FEES

Management Fees

The Fund is managed by CFI. As consideration for providing investment advisory and management services, CFI receives a management fee from the Fund, based on the net asset value of the respective series, calculated daily and payable monthly in arrears. In respect of units of all series of the Fund other than Series FI, the management fee is paid by the Portfolio to CFI. No management fees are charged to the Fund with respect to Series FI units; rather investors who hold Series FI units will be subject to a management fee for their account that is paid to their dealer. The Manager receives a fee from each dealer for the services it provides to the dealer in connection with the dealer's separately managed account or unified managed account programs. Management fees on Series FI units are not expenses of the Fund. CFI uses a portion of management fees to pay for trailing commissions to registered dealers (if applicable) based on amounts invested in the Fund. CFI uses the remaining portion of the management fees to pay for investment advice, including fees charged by the Fund's portfolio manager, and general administration expenses and retains the balance for profit. The following table summarizes the annual management fee rates (excluding GST and HST) of each series of the Fund, expressed as a percentage of the Fund's value, and the portion used for dealer compensation and the portion used for or attributed to investment advice, general administration and profit.

| | Annual Rates | Dealer Compensation | <u>As a percentage of management fees</u> Investment advice, administration and profit |
|------------------|---------------------|----------------------------|---|
| Series A | 1.90% | 52.63% | 47.37% |
| Series C | 1.50% | 26.67% | 73.33% |
| Series F | 0.90% | 0.00% | 100.00% |
| Series FI | 0.00% | 0.00% | 0.00% |

PAST PERFORMANCE

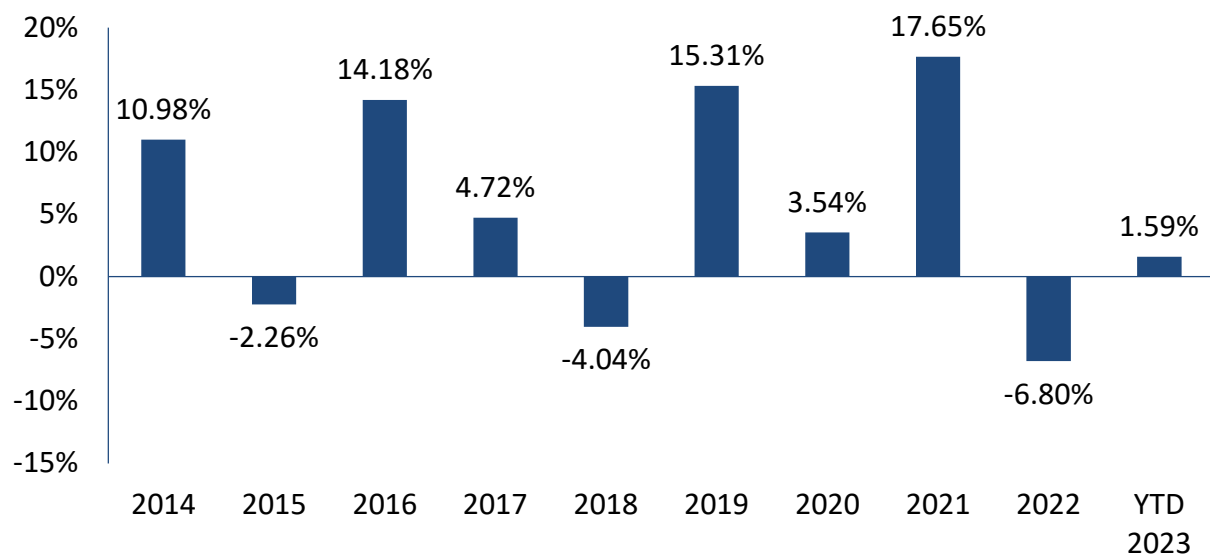
Past Performance

The performance information shown below assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-year Returns

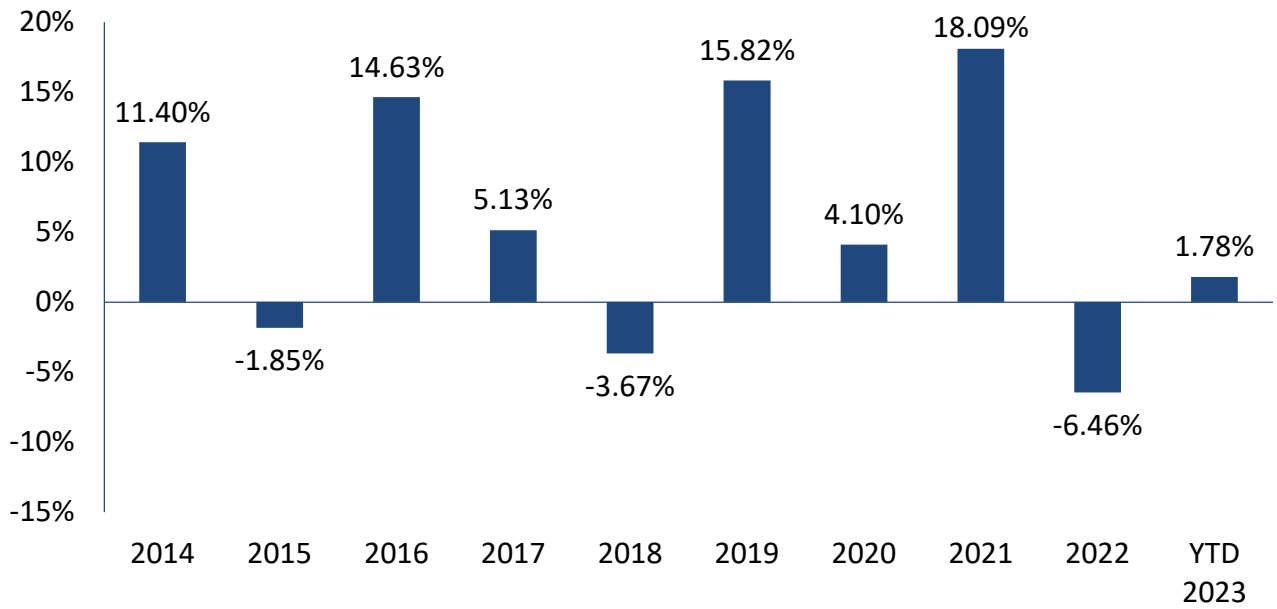
The following bar charts show the Fund's annual performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year, for each series of the Fund. The charts show, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

Series A

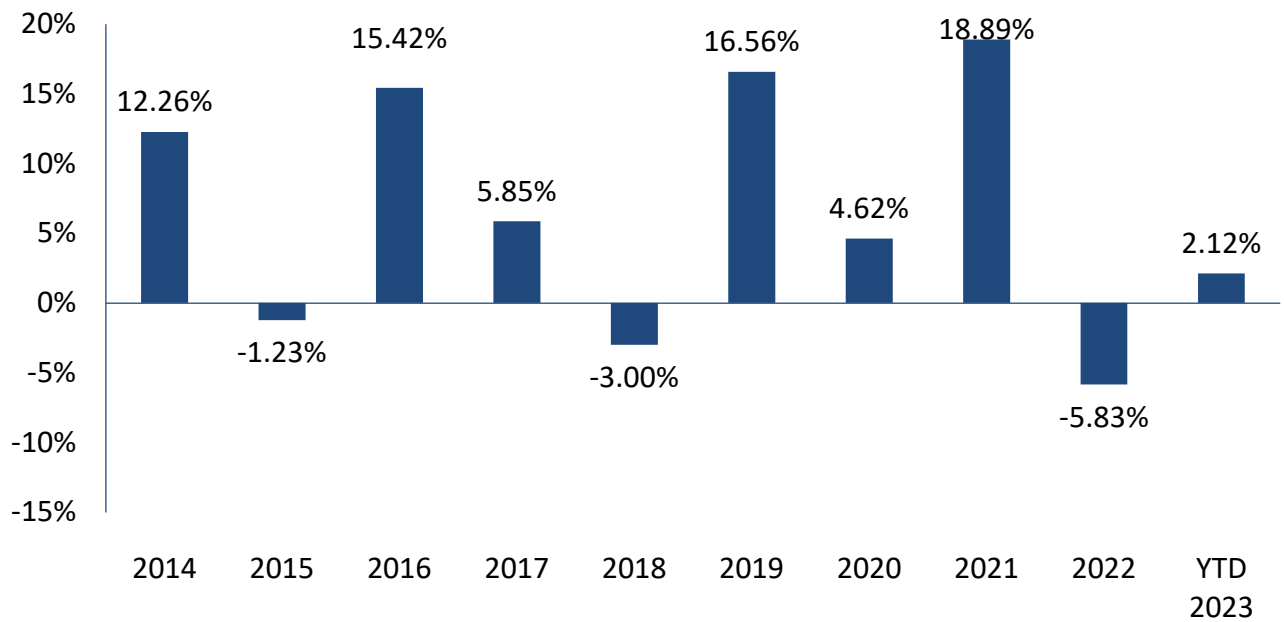


PAST PERFORMANCE

Series C



Series F



SUMMARY OF INVESTMENT PORTFOLIO

Below is a breakdown of the Fund's investment holdings as at June 30, 2023. The individual holdings and their relative percentage of the overall fund will change between reporting periods as markets change and the portfolio manager buys and sells individual securities.

| Asset Mix | % of Net Asset Value | Top 25 Investments | | % of Net Asset Value |
|-------------------------------|-----------------------------|--------------------|--|----------------------|
| Canadian equities | 62.6 | 1 | Royal Bank of Canada | 4.8 |
| Fixed income | 22.8 | 2 | Toronto-Dominion Bank | 3.7 |
| U.S. equities | 10.0 | 3 | Canadian Apt Ppty REIT | 3.4 |
| Foreign equities | 2.8 | 4 | Royal Bank Of Canada 2.33% 2027.01.28 | 3.4 |
| Short-term investments | 1.5 | 5 | Bank Of Nova Scotia 2.62% 2026.12.02 | 3.2 |
| Other assets less liabilities | 0.4 | 6 | Bank Of Montreal 3.19% 2028.03.01 | 3.1 |
| | 100.0 | 7 | Hydro One Inc 4.91% 2028.01.27 | 2.9 |
| | | 8 | CU Inc 4.09% 2044.09.02 | 2.7 |
| | | 9 | Thomson Reuters Corporation | 2.6 |
| | | 10 | Bell Canada 3.00% 2031.03.17 | 2.6 |
| | | 11 | Canadian National Railway | 2.4 |
| | | 12 | Enbridge Inc. | 2.3 |
| | | 13 | Bank of Montreal | 2.3 |
| | | 14 | Microsoft Corp. | 2.2 |
| | | 15 | ARC Resources Ltd | 2.1 |
| | | 16 | Coca Cola Co. | 1.9 |
| | | 17 | Merck & Co. Inc. | 1.8 |
| | | 18 | Brookfield Infrastructure Partners LP | 1.8 |
| | | 19 | Intact Financial Corp. | 1.7 |
| | | 20 | Transcanada Trust 4.65% 2027.05.18 | 1.7 |
| | | 21 | Element Fleet Management Corp | 1.6 |
| | | 22 | Restaurant Brands International | 1.6 |
| | | 23 | InterRent REIT | 1.5 |
| | | 24 | Fortis Inc. | 1.5 |
| | | 25 | Toronto-Dominion Bank 3.06% 2027.01.26 | 1.4 |
| | 100.0 | | | 60.1 |
| Asset Mix | % of Net Asset Value | | | |
| Communication services | 3.3 | | | |
| Consumer discretionary | 1.6 | | | |
| Consumer staples | 7.5 | | | |
| Energy | 9.3 | | | |
| Financials | 19.4 | | | |
| Health care | 3.2 | | | |
| Industrials | 8.7 | | | |
| Information technology | 4.0 | | | |
| Materials | 3.3 | | | |
| Real estate | 10.5 | | | |
| Utilities | 4.7 | | | |
| Fixed income | 22.8 | | | |
| Short-term investments | 1.5 | | | |
| Other assets less liabilities | 0.4 | | | |
| | 100.0 | | | |

Note: The investments and percentages may have changed by the time you purchase units of this Fund. The top 25 investment holdings are made available quarterly, 60 days after quarter end.