



# CC&L Equity 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](http://www.cclfundsinc.com), or SEDAR at [www.sedar.com](http://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

At June 30, 2023, CC&L Equity Income and Growth Fund (the “Fund”) held \$442.4 million in total net assets. During the period, investors in Series A units in the Fund experienced a return of 1.30%. The benchmark for the Fund (S&P/TSX Composite Index) returned 5.70% over the period. The performance of the different series within the Fund will vary due to the differences in their fee 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 5.70%.

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 Equity 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 but underperformed the benchmark. Both security selection and sector allocation had a negative impact on relative performance. Stock picking within financials detracted value. In particular, the overweight position to Definity Financial and underweight position to Fairfax Financial, two Canadian Property & Casualty insurers, negatively impacted performance. From a sector perspective, the underweight to the technology sector detracted value. On the positive side, the underweight positions to the materials and energy sectors contributed positively.

## Recent Developments

We remain cautious in the short term regarding economic growth and equity markets. Aggressive interest rate hikes and reductions in central bank balance sheets (i.e., quantitative tightening) tend to impact the economy with a lagged effect. As a result, leading indicators are pointing to deteriorating economic growth conditions. The three-month and 10-year yield curve remained inverted at the end of 2022, which is a scenario that has occurred in advance of the past four recessions. For manufacturing companies, new orders have declined and inventories have increased to levels similar to past recessions. This is another reliable leading indicator. Additionally, housing data remains weak, and the housing sector tends to lead the broader economy. Expectations for corporate earnings have fallen over the past six months; however, earnings growth in both Canada and the US is still projected to be positive for 2023. We believe these projections are too optimistic, given the deteriorating economic backdrop. We expect further downward earnings revisions to negatively impact equity markets in the coming quarters.

Despite our negative short-term view, 2023 should be a year of transition. We expect the recession to be relatively mild and the economic recovery to commence later in 2023. China has the world's second-largest economy, and its move away from a zero-COVID-19 policy should support economic growth in the second half of 2023. Additionally, the strong employment picture and higher-than-average excess savings rates in Canada and the US should prevent a more severe recession. We expect commodities, small-capitalization and more-cyclical companies to outperform during the recovery. The key risk to this outlook would be if inflation remains elevated for longer than we expect, which could result in a return to monetary policy that is more aggressive than we anticipate.

The portfolio maintains holdings in companies that can deliver resilient earnings growth in a high-inflation and lower-growth environment. Those types of companies remain our largest overweight positions. On the margin, we have also begun adding to cheaper, more-cyclical companies that should outperform during the recovery. We will continue to look for these types of opportunities in the coming quarters.

### **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<sup>(1)</sup>

Series A	Jun 30'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19	Dec 31'18
<b>Net Assets, beginning of period</b> <sup>(1)</sup>	\$15.43	\$16.53	\$14.23	\$14.30	\$12.55	\$13.99
<b>Increase (decrease) from operations:</b>						
Total revenues	0.29	0.48	0.44	0.47	0.43	0.43
Total expenses	(0.17)	(0.36)	(0.35)	(0.31)	(0.33)	(0.32)
Realized gains (losses) for the period	0.47	0.59	0.29	0.13	0.44	0.55
Unrealized gains (losses) for the period	(0.40)	(1.16)	2.54	0.17	1.82	(1.47)
<b>Total increase (decrease) from operations</b> <sup>(2)</sup>	<b>0.19</b>	<b>(0.45)</b>	<b>2.92</b>	<b>0.46</b>	<b>2.36</b>	<b>(0.81)</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.31)	(0.27)	(0.21)	(0.27)	(0.20)	(0.50)
From capital gains	-	(0.16)	-	-	-	(0.12)
Return of capital	-	(0.20)	(0.40)	(0.27)	(0.35)	-
<b>Total distributions</b> <sup>(2,3,4)</sup>	<b>(0.31)</b>	<b>(0.63)</b>	<b>(0.61)</b>	<b>(0.54)</b>	<b>(0.55)</b>	<b>(0.62)</b>
<b>Net assets at June 30 or December 31 of year shown</b> <sup>(1,2)</sup>	<b>\$15.32</b>	<b>\$15.43</b>	<b>\$16.53</b>	<b>\$14.23</b>	<b>\$14.30</b>	<b>\$12.55</b>

Series A inception date: May 30, 2012

Series F	Jun 30'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19	Dec 31'18
<b>Net Assets, beginning of period</b> <sup>(1)</sup>	\$17.18	\$18.21	\$15.50	\$15.42	\$13.39	\$14.76
<b>Increase (decrease) from operations:</b>						
Total revenues	0.32	0.54	0.48	0.51	0.46	0.45
Total expenses	(0.10)	(0.21)	(0.20)	(0.18)	(0.19)	(0.19)
Realized gains (losses) for the period	0.52	0.66	0.32	0.14	0.48	0.58
Unrealized gains (losses) for the period	(0.43)	(1.32)	2.77	0.29	1.92	(1.58)
<b>Total increase (decrease) from operations</b> <sup>(2)</sup>	<b>0.31</b>	<b>(0.33)</b>	<b>3.37</b>	<b>0.76</b>	<b>2.67</b>	<b>(0.74)</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.34)	(0.30)	(0.23)	(0.29)	(0.22)	(0.53)
From capital gains	-	(0.18)	-	-	-	(0.12)
Return of capital	-	(0.22)	(0.44)	(0.29)	(0.37)	-
<b>Total distributions</b> <sup>(2,3,4)</sup>	<b>(0.34)</b>	<b>(0.70)</b>	<b>(0.67)</b>	<b>(0.58)</b>	<b>(0.59)</b>	<b>(0.65)</b>
<b>Net assets at June 30 or December 31 of year shown</b> <sup>(1,2)</sup>	<b>\$17.15</b>	<b>\$17.18</b>	<b>\$18.21</b>	<b>\$15.50</b>	<b>\$15.42</b>	<b>\$13.39</b>

Series F inception date: May 18, 2012

Series FI	Jun 30'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19	Dec 31'18
<b>Net Assets, beginning of period</b> <sup>(1)</sup>	\$18.87	\$19.81	\$16.70	\$16.45	\$14.14	\$15.00
<b>Increase (decrease) from operations:</b>						
Total revenues	0.35	0.59	0.52	0.54	0.49	0.12
Total expenses	(0.02)	(0.05)	(0.04)	(0.04)	(0.05)	(0.01)
Realized gains (losses) for the period	0.57	0.72	0.28	0.16	0.75	(0.03)
Unrealized gains (losses) for the period	(0.46)	(1.44)	3.08	0.68	0.95	(1.36)
<b>Total increase (decrease) from operations</b> <sup>(2)</sup>	<b>0.44</b>	<b>(0.18)</b>	<b>3.84</b>	<b>1.34</b>	<b>2.14</b>	<b>(1.28)</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.38)	(0.33)	(0.25)	(0.31)	(0.23)	(0.10)
From capital gains	-	(0.20)	-	-	-	(0.13)
Return of capital	-	(0.24)	(0.47)	(0.31)	(0.40)	-
<b>Total distributions</b> <sup>(2,3,4)</sup>	<b>(0.38)</b>	<b>(0.77)</b>	<b>(0.72)</b>	<b>(0.62)</b>	<b>(0.63)</b>	<b>(0.23)</b>
<b>Net assets at June 30 or December 31 of year shown</b> <sup>(1,2)</sup>	<b>\$18.93</b>	<b>\$18.87</b>	<b>\$19.81</b>	<b>\$16.70</b>	<b>\$16.45</b>	<b>\$14.14</b>

Series F inception date: June 28, 2018

(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 paid 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) <sup>(1)</sup>	\$77,706	\$77,542	\$77,690	\$63,505	\$64,778	\$62,515
Number of units outstanding <sup>(1)</sup>	5,072,245	5,026,083	4,699,202	4,464,050	4,528,717	4,979,617
Management expense ratio <sup>(2)</sup>	2.16%	2.19%	2.18%	2.21%	2.23%	2.24%
Management expense ratio before waivers or absorptions <sup>(3)</sup>	2.16%	2.19%	2.18%	2.21%	2.23%	2.24%
Portfolio turnover rate <sup>(4)</sup>	24.47%	35.99%	18.20%	42.02%	43.78%	56.65%
Trading expense ratio <sup>(5)</sup>	0.06%	0.05%	0.03%	0.06%	0.06%	0.07%
Net asset value per unit	\$15.32	\$15.43	\$16.53	\$14.23	\$14.30	\$12.55

Series A inception date: May 30, 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) <sup>(1)</sup>	\$298,146	\$280,901	\$269,222	\$209,805	\$197,151	\$177,918
Number of units outstanding <sup>(1)</sup>	17,380,227	16,348,055	14,780,345	13,531,584	12,782,464	13,285,850
Management expense ratio <sup>(2)</sup>	1.09%	1.11%	1.10%	1.13%	1.16%	1.17%
Management expense ratio before waivers or absorptions <sup>(3)</sup>	1.09%	1.11%	1.10%	1.13%	1.16%	1.17%
Portfolio turnover rate <sup>(4)</sup>	24.47%	35.99%	18.20%	42.02%	43.78%	56.65%
Trading expense ratio <sup>(5)</sup>	0.06%	0.05%	0.03%	0.06%	0.05%	0.07%
Net asset value per unit	\$17.15	\$17.18	\$18.21	\$15.50	\$15.42	\$13.39

Series F inception date: May 18, 2012

Series FI	Jun 30'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19	Dec 31'18
Total net asset value ('000s) <sup>(1)</sup>	\$66,569	\$64,367	\$64,429	\$23,679	\$17,534	\$3,317
Number of units outstanding <sup>(1)</sup>	3,516,824	3,411,390	3,252,671	1,418,207	1,066,134	234,593
Management expense ratio <sup>(2)</sup>	0.11%	0.13%	0.12%	0.15%	0.16%	0.30%
Management expense ratio before waivers or absorptions <sup>(3)</sup>	0.11%	0.13%	0.12%	0.15%	0.16%	0.30%
Portfolio turnover rate <sup>(4)</sup>	24.47%	35.99%	18.20%	42.02%	43.78%	56.65%
Trading expense ratio <sup>(5)</sup>	0.06%	0.05%	0.03%	0.06%	0.05%	0.07%
Net asset value per unit	\$18.93	\$18.87	\$19.81	\$16.70	\$16.45	\$14.14

Series FI inception date: June 28, 2018

(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 Fund 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 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.

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



## PAST PERFORMANCE

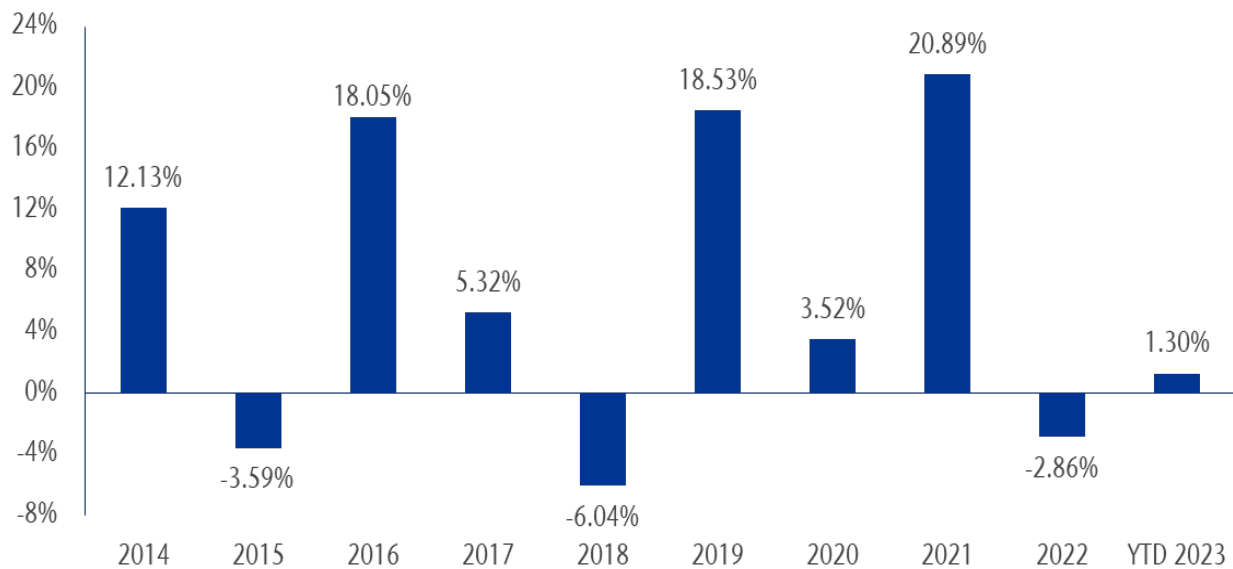
### Past Performance

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

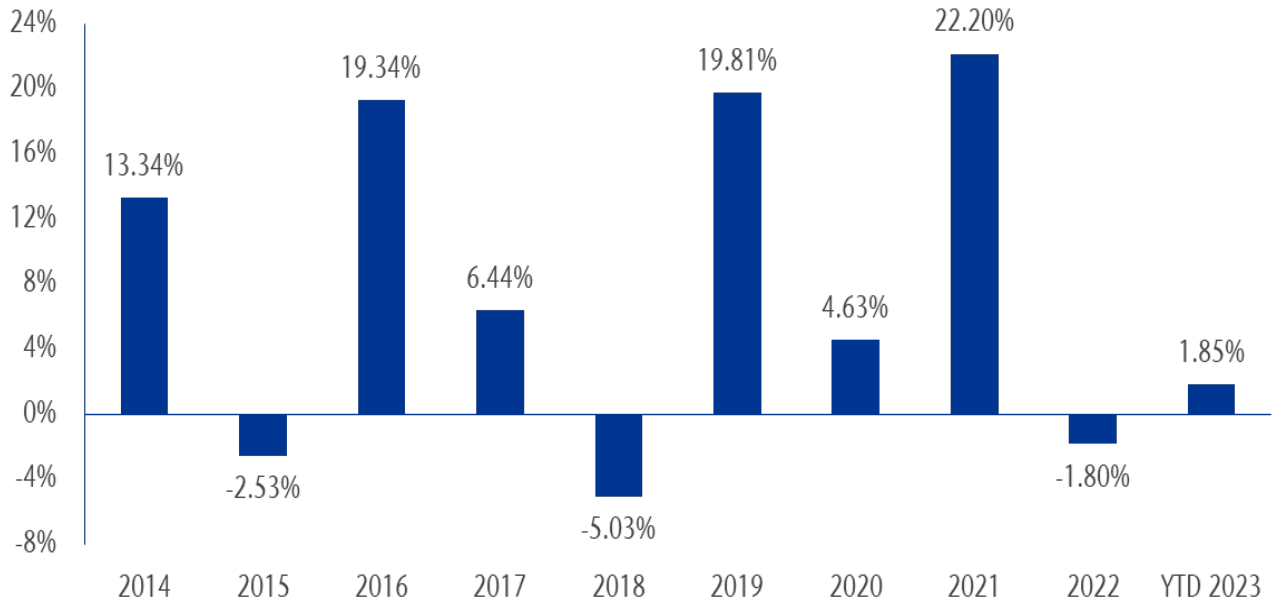
The following bar charts show the Fund's annual performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year, for each series of the Fund. The charts show, in percentage terms, how much an investment made on the first day of each financial period would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

### Series A

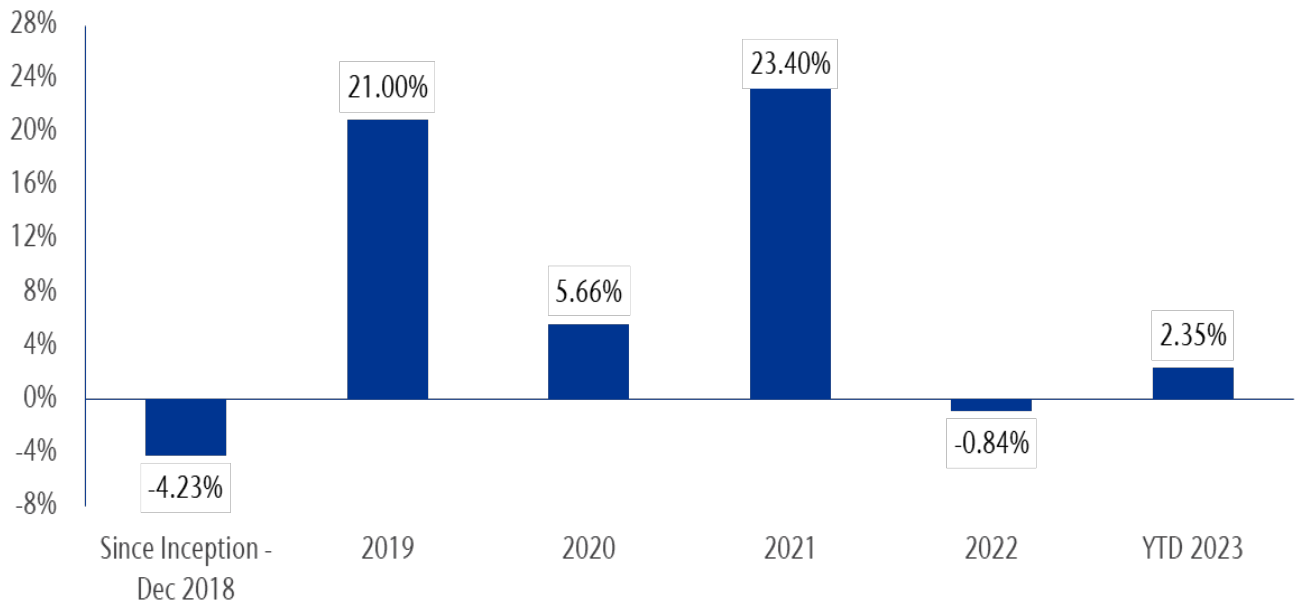


**PAST PERFORMANCE**

**Series F**



**Series FI**



Performance for 2018 represents returns from June 28 to December 31, 2018.

## 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	80.6	1	Royal Bank of Canada	7.1
U.S. equities	14.2	2	Toronto-Dominion Bank	5.3
Foreign equities	4.0	3	Thomson Reuters Corporation	3.9
Short-term investments	0.9	4	Canadian National Railway	3.9
Other assets less liabilities	0.4	5	Bank of Montreal	3.3
	100.0	6	Enbridge Inc.	3.3
		7	Microsoft Corp.	2.9
		8	ARC Resources Ltd	2.8
		9	Coca Cola Co.	2.7
		10	Merck & Co. Inc.	2.7
		11	Brookfield Infrastructure Partners LP	2.6
		12	Intact Financial Corp.	2.4
		13	Restaurant Brands International	2.4
		14	Fortis Inc.	2.3
		15	Element Fleet Management Corp	2.3
		16	Canadian Apt Pptys REIT	2.1
		17	George Weston Ltd.	2.0
		18	Sun Life Financial Inc.	2.0
		19	Telus Corp.	2.0
		20	Constellation Brands Class A	2.0
		21	Johnson & Johnson	2.0
		22	Pembina Pipeline Corp.	1.9
		23	Bank of Nova Scotia	1.9
		24	Tourmaline Oil Corp.	1.9
		25	Mondelez International Inc.	1.8
				69.6

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.