



CC&L Global Market Neutral II Fund (formerly CC&L Alternative Global Equity Fund)

Management Report of Fund Performance

For the year ended
December 31, 2023

This annual management report of fund performance contains financial highlights but does not contain 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.sedarplus.ca

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.

Investment Objective and Strategies

Investment objectives – The CC&L Global Market Neutral II Fund (the “Fund”) seeks to earn a positive absolute and attractive risk adjusted return over the long term while demonstrating low correlation with, and lower volatility than, traditional equity markets by investing in securities and derivative contracts and by employing equity hedge based and equity market neutral strategies.

The Fund may use leverage meet its stated investment objective. Securities lending may also be used in conjunction with the investment strategies of the Fund to enhance returns.

The Fund will engage in short selling, cash borrowing and use derivatives to meet its investment objective. The amount of leverage used by the Fund is described in the Investment Strategies section below.

The fundamental investment objective of the Fund cannot be changed without a majority approval by the unitholders at a meeting called to consider the change.

Investment strategies – To achieve the Fund’s investment objectives, the manager, Connor, Clark & Lunn Funds Inc. (“CFI” or the “Manager”) has retained Connor, Clark & Lunn Investment Management Ltd., as portfolio manager, to invest the assets of the Fund with full authority and responsibility for security selection.

To achieve the Fund’s investment objective, the portfolio manager will actively manage a diversified portfolio of global equity securities by utilizing both long and short positions while typically maintaining close to 0% net long global equity exposure. The portfolio manager assesses specific investment opportunities through a disciplined application of a quantitative process, which evaluates specific securities using a variety of factors. The Fund will engage in short selling, cash borrowing and use derivatives as described below.

The Fund will primarily invest, directly or indirectly through the use of derivatives, in equity securities including, but not limited to, common shares, units or interests in limited partnerships, royalty trusts, income trusts, ETFs, subscription receipts and real estate investment trusts that are traded on exchanges in countries represented in the MSCI ACWI Index as well as rights, warrants, cash and cash equivalents, and derivatives as outlined below.

The Fund may invest from time to time (either directly or by maintaining a position in a specified derivative) in securities of another alternative mutual fund or non-redeemable investment fund (an “underlying fund”), including underlying funds managed by the Manager or an affiliate or associate of the Manager provided that the underlying fund is subject to NI 81-102 and is a reporting issuer in a province or territory of Canada.

Repurchase transactions, reverse repurchase transactions and securities lending may be used in conjunction with the investment strategies of the Fund to enhance returns.

The Fund will not purchase a security of an issuer, enter into a specified derivatives transaction or purchase an index participation unit if, immediately after the transaction, more than 20% of its net asset value would be invested in securities of a single issuer.

The portfolio manager considers Environmental, Social and Governance (“ESG”) factors as part of its investment process by reviewing MSCI data to identify systematic risk factors, as well as predictors of stock specific risk. However, ESG factors are not a material component of the investment process and are not currently used as a specific investment strategy for the Fund. ESG factors are just one of many factors considered in the security selection process.

Risk

During the year from January 1, 2023 to December 31, 2023, the risk profile of the Fund was managed in accordance with the goals set out in the simplified prospectus. In the view of the Manager, the risks associated with an investment in the portfolio are adequately described in the simplified prospectus and have not altered as result of subsequent changes in the underlying investments.

Results of Operations

As at December 31, 2023, CC&L Global Market Neutral II Fund (the “Fund”) held \$23.6 million in total net assets. During the year ended December 31, 2023 investors in Series A units in the Fund experienced a return of 7.60%. The benchmark for the Fund (FTSE TMX Canada 91-Day TBill Index) returned 4.71% over the year. 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.

Equity markets were weak to start the fourth quarter of 2023 as geopolitical concerns grew regarding the conflict in the Middle East and as investors weighed the potential impact of ever higher interest rates on future economic growth. Investor sentiment shifted significantly in the final two months of the year, however, as economic data releases favoured the “soft landing” narrative and central banks pivoted towards a more accommodative stance in their signaling on future policy. Global equity markets rallied strongly to finish the year, with technology and real estate stocks performing particularly well.

Most factor groups in our investment model were well-rewarded in the fourth quarter of 2023. Despite the dramatic shift in market themes in the latter part of the quarter, and the accompanying underperformance of industry trend-based factors, our growth composite performed in-line with longer-term expectations due to the robustness of stock-specific growth metrics. Value posted a negative quarter as our country valuation factor underperformed; notably, the expensive US market had a relatively strong quarter in comparison to other countries. Our quality composite rounded out an exceptional year of performance as investors continued to favour companies generating sustainable earnings and deploying capital in an efficient manner. Opportunity measures generally performed at or above long-term expectations, with our structural composite performing particularly well.

The portfolio delivered a strong return in 2023. Both security selection and country-sector allocation contributed positively to performance. Security selection within the communication services and consumer discretionary sectors were the notable contributors. In particular, the portfolio benefitted from several positions in interactive media & services companies. From a country-sector allocation perspective, the long positions in US technology and communication services were the largest contributors to performance while the net long positions in US health care detracted.

Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that is greater than the amount invested.

The Fund's leverage is determined by calculating the aggregate exposure through the sum of following: (i) the market value of the Fund's short positions; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes. The Fund's exposure to leverage must not exceed 300% of the Fund's Net Asset Value ("NAV").

During the years ended December 31, 2023 and 2022, the Fund's aggregate exposure to leverage ranged from 72.2% to 208.0% (2022 - 62.1% to 79.8%) of the Fund's NAV. The aggregate exposure range to leverage was within the expected range as outlined in the simplified prospectus. As at December 31, 2023, the Fund's aggregate exposure was 146.1% (2022 – 73.0%) of the Fund's NAV. The primary sources of leverage were short positions in equity securities, short equity swap contracts and cash borrowing.

A component of the Fund's leverage is cash borrowing. Such facilities are repayable on demand. During the years ended December 31, 2023 and 2022, the Fund's range of cash borrowing was \$Nil to \$15,765,279 (2022 - \$1,873,990 to \$4,792,875) with an average interest rate of 5.36% (2022 – 1.95%). As at December 31, 2023, cash borrowing represented 0.0% (2022 – 15.7%) of the Fund's NAV.

Recent Developments

The overall level of investment opportunity across our model (as measured by the dispersion of return forecasts) remains stable at long-term average levels. Investment opportunities based on Growth themes continue to rebound from their first quarter lows, driven mainly by general continuation in the price trends of stocks and industries. At the same time, the risk associated with Growth themes continues to drop, raising the incentive for increased exposure to these themes. Currently, the attractiveness of our quality composite is relatively low as the risks associated with the underlying indicators remain elevated in comparison to their historical average levels. Going into 2024, the overall level of investment opportunity across our model (as measured by the dispersion of return forecasts) as well as levels of forecast risk remain stable and close to their long-term average levels.

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 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, 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 year ended December 31, 2023, no additions or deletions were made to the portfolio managers providing services to the Fund.

As Manager, CFI receives management and performance fees with respect to the day-to-day business and operations of the Fund as described in the section entitled “Management Fees”. These management and performance 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 (IRC) met with Connor, Clark and Lunn Funds Inc. (“CFI”) on January 18, 2023. The IRC provided positive recommendations for Proposed Management Fee Changes & Shift in Investment Objectives. CC&L Global Market Neutral II Fund (formerly the CC&L Alternative Global Equity Fund), proposed to pursue a more absolute return-oriented objectives regardless of the direction of their respective equity markets and in turn reduce fund volatility.

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 since inception. This information is derived from the Fund's audited annual financial statements and previous audited financial statements.

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

Series A	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁴⁾
Net Assets, beginning of period ⁽¹⁾	\$10.33	\$12.33	\$11.07	\$10.70	\$10.00
Increase (decrease) from operations:					
Total revenues	0.36	0.23	0.28	0.35	0.24
Total expenses	(0.71)	(0.41)	(0.50)	(0.46)	(0.50)
Realized gains (losses) for the period	1.03	0.25	2.22	0.63	0.46
Unrealized gains (losses) for the period	0.09	(1.47)	0.80	0.57	0.74
Total increase (decrease) from operations ⁽²⁾	0.77	(1.40)	2.80	1.09	0.94
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.57)	-	(0.10)	-
From capital gains	-	-	(1.54)	(0.83)	(0.24)
Return of capital	-	-	(0.16)	-	-
Total distributions ^(2,3)	-	(0.57)	(1.70)	(0.93)	(0.24)
Net assets at December 31 of year shown ^(1,2)	\$11.11	\$10.33	\$12.33	\$11.07	\$10.70

Series A inception date: February 15, 2019

Series F	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁴⁾
Net Assets, beginning of period ⁽¹⁾	\$10.30	\$12.20	\$10.98	\$10.51	\$10.00
Increase (decrease) from operations:					
Total revenues	0.37	0.22	0.27	0.33	0.24
Total expenses	(0.63)	(0.31)	(0.44)	(0.32)	(0.46)
Realized gains (losses) for the period	0.70	0.22	2.17	0.76	0.45
Unrealized gains (losses) for the period	0.31	(1.52)	0.92	0.97	0.63
Total increase (decrease) from operations ⁽²⁾	0.75	(1.39)	2.92	1.74	0.86
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.57)	(0.06)	(0.18)	-
From capital gains	-	-	(1.53)	(0.82)	(0.48)
Return of capital	-	-	(0.17)	-	-
Total distributions ^(2,3)	-	(0.57)	(1.76)	(1.00)	(0.48)
Net assets at December 31 of year shown ^(1,2)	\$11.17	\$10.30	\$12.20	\$10.98	\$10.51

Series F inception date: February 15, 2019

Series I	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁴⁾
Net Assets, beginning of period ⁽¹⁾	\$10.20	\$12.24	\$10.98	\$10.50	\$10.00
Increase (decrease) from operations:					
Total revenues	0.34	0.22	0.28	0.34	0.25
Total expenses	(0.34)	(0.21)	(0.20)	(0.27)	(0.37)
Realized gains (losses) for the period	1.15	0.29	2.23	0.75	0.46
Unrealized gains (losses) for the period	0.08	(1.64)	0.93	0.72	0.73
Total increase (decrease) from operations ⁽²⁾	1.23	(1.34)	3.24	1.54	1.07
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.82)	(0.22)	(0.24)	-
From capital gains	-	-	(1.56)	(0.83)	(0.57)
Return of capital	-	-	(0.20)	-	-
Total distributions ^(2,3)	-	(0.82)	(1.98)	(1.07)	(0.57)
Net assets at December 31 of year shown ^(1,2)	\$11.28	\$10.20	\$12.24	\$10.98	\$10.50

Series I inception date: February 15, 2019

(1) This information is derived from the Fund's audited annual financial statements prepared in accordance with IFRS Accounting Standards.

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

(4) For the period from February 15, 2019 (date of commencement of operations) to December 31, 2019.

FINANCIAL HIGHLIGHTS

Ratios & Supplemental Data:

Series A	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁶⁾
Total net asset value ('000s) ⁽¹⁾	\$418	\$147	\$165	\$91	\$100
Number of units outstanding ⁽¹⁾	37,609	14,220	13,355	8,196	9,391
Management expense ratio ⁽²⁾	4.05%	2.65%	3.01%	2.62%	2.13%
Management expense ratio before waivers or absorptions ⁽³⁾	4.05%	2.65%	3.01%	2.62%	2.13%
Portfolio turnover rate ⁽⁴⁾	359.77%	315.23%	436.66%	715.02%	668.21%
Trading expense ratio ⁽⁵⁾	2.01%	0.80%	0.64%	1.28%	2.83%
Net asset value per unit	\$11.11	\$10.33	\$12.33	\$11.07	\$10.70

Series A inception date: February 15, 2019

Series F	Dec 31'23	Dec 31'21	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁶⁾
Total net asset value ('000s) ⁽¹⁾	\$11,664	\$1,931	\$3,923	\$3,250	\$2,313
Number of units outstanding ⁽¹⁾	1,044,406	187,498	321,623	295,883	220,130
Management expense ratio ⁽²⁾	3.29%	1.75%	2.58%	1.42%	1.51%
Management expense ratio before waivers or absorptions ⁽³⁾	3.29%	1.75%	2.58%	1.42%	1.51%
Portfolio turnover rate ⁽⁴⁾	359.77%	315.23%	436.66%	715.02%	668.21%
Trading expense ratio ⁽⁵⁾	2.01%	0.80%	0.64%	1.28%	2.83%
Net asset value per unit	\$11.17	\$10.30	\$12.20	\$10.98	\$10.51

Series F inception date: February 15, 2019

Series I	Dec 31'23	Dec 31'21	Dec 31'21	Dec 31'20	Dec 31'19 ⁽⁶⁾
Total net asset value ('000s) ⁽¹⁾	\$11,489	\$18,706	\$24,131	\$19,167	\$16,713
Number of units outstanding ⁽¹⁾	1,018,642	1,833,972	1,970,842	1,746,010	1,591,554
Management expense ratio ⁽²⁾	0.78%	0.75%	0.61%	0.85%	0.77%
Management expense ratio before waivers or absorptions ⁽³⁾	0.78%	0.75%	0.61%	0.85%	0.77%
Portfolio turnover rate ⁽⁴⁾	359.77%	315.23%	436.66%	715.02%	668.21%
Trading expense ratio ⁽⁵⁾	2.01%	0.80%	0.64%	1.28%	2.83%
Net asset value per unit	\$11.28	\$10.20	\$12.24	\$10.98	\$10.50

Series I inception date: February 15, 2019

(1) This information is provided as at December 31 of the years shown.

(2) Management expense ratio is based on total expenses (excluding margin interest, 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 margin interest, borrow fees on investments sold short, total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(6) As at December 31, 2019 or for the period from February 15, 2019 (date of commencement of operations) to December 31, 2019, as applicable.

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 I, the management fee is paid by the Fund to CFI. Management fees in respect of Series I units are arranged directly and charged outside the Fund. Management fees on Series I 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 F	0.90%	0.00%	100.00%
Series I	0.00%	0.00%	0.00%

Performance Fees

The Fund pays a quarterly performance fee to the Manager, calculated and accrued daily. The Performance Fee is 20% of the net positive return of the Series for the Performance Period, subject to a perpetual high-water mark. The Performance Fee is applicable to Series A and Series F units. Unitholders of Series I units may negotiate a performance fee to be paid by the investor directly to the Manager.

PAST PERFORMANCE

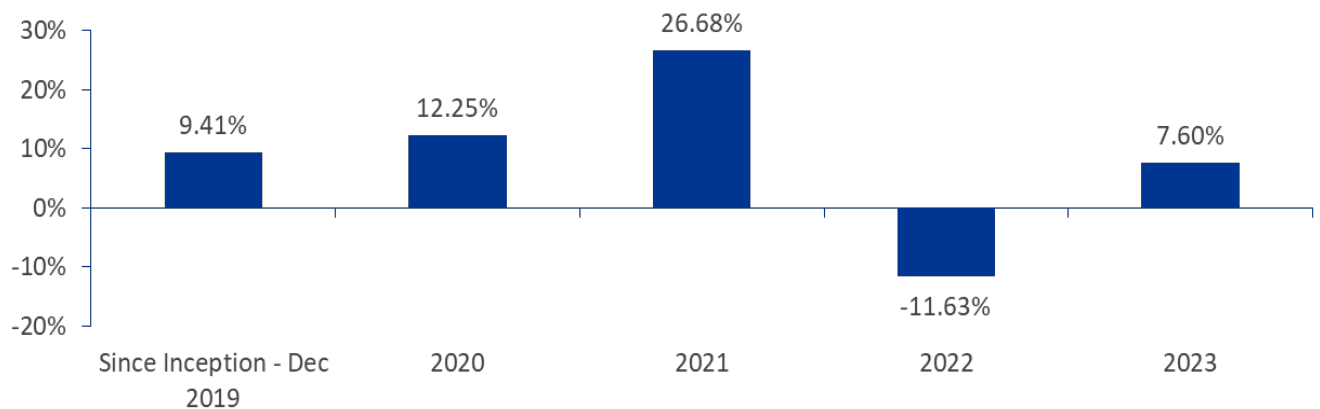
Past Performance

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

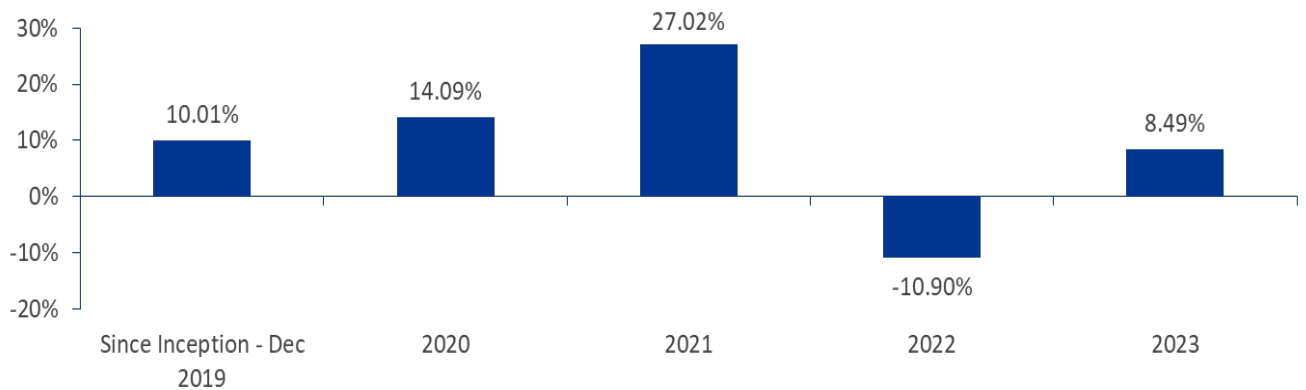
The following bar charts show the Fund's annual performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year, for each series of the Fund. The charts show, in percentage terms, how much an investment made on the first day of each financial period would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

Series A



Performance for 2019 represents returns from February 15 to December 31, 2019.

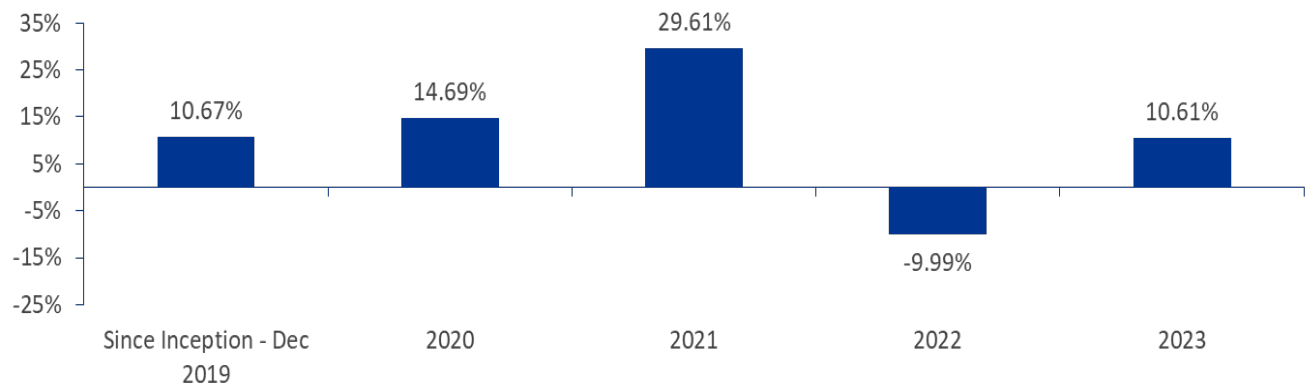
Series F



Performance for 2019 represents returns from February 15 to December 31, 2019.

PAST PERFORMANCE

Series I



Performance for 2019 represents returns from February 15 to December 31, 2019.

PAST PERFORMANCE

Annual Compound Returns

The table below shows past performance for the last one, three, five and ten year financial periods, as applicable, for each series of the Fund, relative to the performance of relevant broad-based securities market index during the same periods.

CC&L Global Market Neutral II Fund	1 yr	3 yr	5 yr	10 yr	Since Inception	Inception Date
Series A	7.60%	6.40%	-	-	8.44%	Feb-15-19
Index*	4.71%	2.22%	-	-	1.84%	
Series F	8.49%	7.08%	-	-	9.36%	Feb-15-19
Index*	4.71%	2.22%	-	-	1.84%	
Series I	10.61%	8.87%	-	-	10.74%	Feb-15-19
Index*	4.71%	2.22%	-	-	1.84%	

* FTSE TMX Canada 91-Day TBill Index

PAST PERFORMANCE

The following bar chart shows the performance of the Fund's long and short portfolio positions for the period from January 1, 2023 to December 31, 2023 before deducting fees and expenses and before the impact of other assets less liabilities.

