CONNOR, CLARK & LUNN FUNDS

CC&L High Yield Bond 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 High Yield Bond Fund (the "Fund") seeks to construct a diversified portfolio of primarily high-yield bonds or other income producing securities issued primarily by foreign issuers, with an opportunity for capital appreciation over the longer term.

Investment strategies — To achieve the Fund's 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 allocated to them with full authority and responsibility for security selection. The portfolio manager seeks to achieve the fundamental investment objective of the Fund by focusing on high-yield corporate bonds and other income-producing securities from issuers located anywhere in the world. The portfolio manager believes a bottom-up strategy emphasizing analysis of individual corporations in the context of a global macroeconomic environment will add value and enhance long-term performance. The selection process is based on methodical risk/return analysis with the objective of maximizing risk-adjusted returns for the Fund. Generally, the Fund employs a "buy-and-hold" strategy. The maximum percentage of foreign securities which this Fund may hold is 75%.

The Fund may use specified derivatives, such as options, futures, forward contracts and swaps, as permitted by Canadian securities laws. They may also be used in order to gain exposure to income producing investments without actually investing in them directly. The portfolio manager expects that it will routinely hedge any material currency risk to which the portfolio of the Fund is exposed. Securities lending, repurchase agreements and reverse repurchase agreements may all be used in conjunction with the investment strategies of the Fund to enhance returns.

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 High Yield Bond Fund (the "Fund") held $87.8 million in total net assets. During the year, investors in Series A units in the Fund experienced a return of 6.97%. The benchmark for the Fund (30% Merrill Lynch US High Yield Cash Pay BB Index (CAD$) & 30% Merrill Lynch US High Yield Cash Pay BB Index (Hedged to CAD) & 30% FTSE Canada Corporate BBB Bond Index & 10% Merrill Lynch Canada BB-B High Yield Index) returned 9.25% over the year. The performance of the different series within the Fund will vary due to the differences in their expense structures. For specific returns by series, please refer to the "Past Performance" section of the report.

The first quarter of 2023 proved to be a whirlwind for global financial markets. Positive sentiment to start the year was short-lived as unusually strong economic and inflation data caused financial markets to question the endpoint of central bank interest rate hikes and the probability and timing of a recession. In March, markets faced a significant shock when a confluence of factors led to a bank run across U.S. regional banks that ultimately resulted in the second- and third-largest U.S. bank failures in history. Despite support from the federal regulators, the turbulence spilled over to Europe with the collapse of Switzerland's Credit Suisse, a systemically important financial institution, which was ultimately merged with its largest domestic peer. During this time, bond market volatility surged, with near-historic moves in yields. Equity market volatility increased, and although there was a decline in financial stocks in response to the threat of contagion and concerns of a larger banking troubles, overall equity markets held in quite well. After a volatile March, investors welcomed a more stable market environment in the second quarter. Sentiment improved due to several factors, including the resolution of the US debt ceiling and the growing enthusiasm surrounding artificial intelligence (AI), which boosted the outlook for the technology sector. Another significant driver was the economic resilience observed in both the US and Canada.

Data releases were generally robust, defying widely predicted recession expectations, leading investors to defer the anticipated onset of a recession. However, persistently strong inflation releases prompted central banks to implement further interest rate hikes. Upbeat data releases in the US and Canada led to expectations for a "soft landing" in the third quarter, supported by resilient economic activity and slowing inflation. However, as the quarter progressed, the market tone gravitated toward the increasing likelihood that interest rates might remain higher for a prolonged period. Moreover, monetary policymakers maintained a hawkish stance. This caused a spike in bond yields to new cycle highs near the end of September and volatility in equity markets. This persisted early into the fourth quarter. However, in November the market narrative shifted yet again with signs of a slowing economy and data pointing towards a return to a broader disinflationary trend. This rejuvenated the "soft landing" theme, where inflation and economic growth slow but avoid a recession, allowing monetary policymakers to shift away from their tightening measures. This notion gained further momentum when the US Federal Reserve (the "Fed") pivoted toward a more dovish stance, even as US economic indicators remained resilient. Bond yields plunged in response, and stock prices surged, culminating in a strong quarter, and year, for both bond and equity markets. In total for 2023, the Fed raised its target rate by 100 basis points, while the Bank of Canada raised its overnight rate by 75 basis points.

The Fund delivered a positive return and modestly outperformed its benchmark in 2023. Both overweight and underweight positions in select US media, telecommunications and leisure companies contributed to performance. Additionally, an industry tilt in favour of leisure and packaging, and away from real estate, retail, and industrials, was also rewarded. Within interest rate positioning, the duration strategy that was adjusted during the period, as well as a global relative value strategy that generally favoured US Treasuries relative to Canada government bonds, were each neutral for performance. Sector allocation that was underweight US credit detracted as high yield spreads compressed, particularly in the latter half of the year (notwithstanding some periods of volatility during the year).

Recent Developments

During the fourth quarter, financial markets returned to the "soft landing" narrative, where inflation and economic growth slow but a recession does not occur. This narrative was largely driven by ongoing economic resilience in the US and a shift to a more accommodative tone from many central banks. Canadian economic releases, however, suggested that a more pronounced downturn could be on the horizon. Even though a recession in Canada remains probable, it appears the US might actually avoid a recession, at least over the next six to nine months. That said, we believe the economy typically gives the appearance of a soft landing on the path to recession. Nonetheless, softening financial conditions could provide renewed support for economic activity and reignite inflation, particularly in the US. As such, we will continue to monitor incoming data and will look for any weakness in labour markets, in particular, for guidance.

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 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

The manager of the Fund, Connor, Clark & Lunn Funds Inc. ("CFI" or the "Manager"), 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 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 year ended December 31, 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 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
Net Assets, beginning of year [1]	$7.08	$8.33	$8.63	$8.57	$8.25
Increase (decrease) from operations:					
Total revenues	0.35	0.35	0.36	0.37	0.39
Total expenses	(0.16)	(0.16)	(0.18)	(0.18)	(0.15)
Realized gains (losses) for the period	(0.16)	(0.67)	0.02	0.22	0.25
Unrealized gains (losses) for the period	0.41	(0.54)	(0.15)	0.29	0.26
Total increase (decrease) from operations [2]	0.44	(1.02)	0.05	0.70	0.75
Distributions:					
From net investment income (excluding dividends)	(0.38)	(0.38)	(0.35)	(0.34)	(0.38)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions[2,3]	(0.38)	(0.38)	(0.35)	(0.34)	(0.38)
Net assets at December 31 of year shown[1,2]	$7.18	$7.08	$8.33	$8.63	$8.57

Series A inception date: May 16, 2012

Series F	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19
Net Assets, beginning of period [1]	$7.57	$8.80	$9.01	$8.85	$8.44
Increase (decrease) from operations:					
Total revenues	0.37	0.37	0.38	0.39	0.50
Total expenses	(0.09)	(0.08)	(0.09)	(0.08)	(0.09)
Realized gains (losses) for the period	(0.17)	(0.74)	0.01	0.21	0.25
Unrealized gains (losses) for the period	0.42	(0.37)	(0.14)	0.01	0.13
Total increase (decrease) from operations [2]	0.53	(0.82)	0.16	0.53	0.79
Distributions:					
From net investment income (excluding dividends)	(0.41)	(0.40)	(0.38)	(0.35)	(0.37)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions[2,3]	(0.41)	(0.40)	(0.38)	(0.35)	(0.37)
Net assets at December 31 of year shown[1,2]	$7.75	$7.57	$8.80	$9.01	$8.85

Series F inception date: September 19, 2012

Series I	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19
Net Assets, beginning of period [1]	$8.46	$9.77	$9.93	$9.66	$9.15
Increase (decrease) from operations:					
Total revenues	0.42	0.41	0.42	0.43	0.44
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	(0.20)	(0.81)	-	0.18	0.28
Unrealized gains (losses) for the period	0.51	(0.49)	(0.13)	0.02	0.21
Total increase (decrease) from operations [2]	0.72	(0.90)	0.28	0.62	0.92
Distributions:					
From net investment income (excluding dividends)	(0.47)	(0.46)	(0.43)	(0.38)	(0.42)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions[2,3]	(0.47)	(0.46)	(0.43)	(0.38)	(0.42)
Net assets at December 31 of year shown[1,2]	$8.76	$8.46	$9.77	$9.93	$9.66

Series I inception date: May 16, 2012

(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.

Ratios & Supplemental Data:

Series A	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19
Total net asset value ('000s)(1)	$240	$341	$619	$945	$278
Number of units outstanding(1)	33,431	48,172	74,353	109,520	32,413
Management expense ratio(2)	2.21%	2.19%	2.20%	2.07%	1.78%
Management expense ratio before waivers or absorptions (3)	2.21%	2.19%	2.20%	2.07%	1.78%
Portfolio turnover rate(4)	186.59%	175.26%	109.10%	222.17%	206.34%
Trading expense ratio(5)	-	-	-	-	-
Net asset value per unit	$7.18	$7.08	$8.33	$8.63	$8.57

Series A inception date: May 16, 2012

Series F	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19
Total net asset value ('000s)(1)	$138	$225	$248	$174	$278
Number of units outstanding(1)	17,834	29,776	28,226	19,327	31,376
Management expense ratio(2)	1.11%	1.01%	0.97%	0.93%	1.06%
Management expense ratio before waivers or absorptions (3)	1.11%	1.01%	0.97%	0.93%	1.06%
Portfolio turnover rate(4)	186.59%	175.26%	109.10%	222.17%	206.34%
Trading expense ratio(5)	-	-	-	-	-
Net asset value per unit	$7.75	$7.57	$8.80	$9.01	$8.85

Series F inception date: September 19, 2012

Series I	Dec 31'23	Dec 31'22	Dec 31'21	Dec 31'20	Dec 31'19
Total net asset value ('000s)(1)	$87,445	$99,282	$122,861	$116,099	$114,539
Number of units outstanding(1)	9,987,321	11,732,642	12,580,103	11,697,235	11,857,912
Management expense ratio(2)	0.09%	0.12%	0.08%	0.10%	0.15%
Management expense ratio before waivers or absorptions (3)	0.09%	0.12%	0.08%	0.10%	0.15%
Portfolio turnover rate(4)	186.59%	175.26%	109.10%	222.17%	206.34%
Trading expense ratio(5)	-	-	-	-	-
Net asset value per unit	$8.76	$8.46	$9.77	$9.93	$9.66

Series I inception date: May 16, 2012

(1) This information is provided as at 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

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.

		As a percentage of management fees	
	Annual Rates	Dealer Compensation	Investment advice, administration and profit
Series A	1.85%	54.05%	45.95%
Series F	0.85%	0.00%	100.00%
Series I	0.00%	0.00%	0.00%

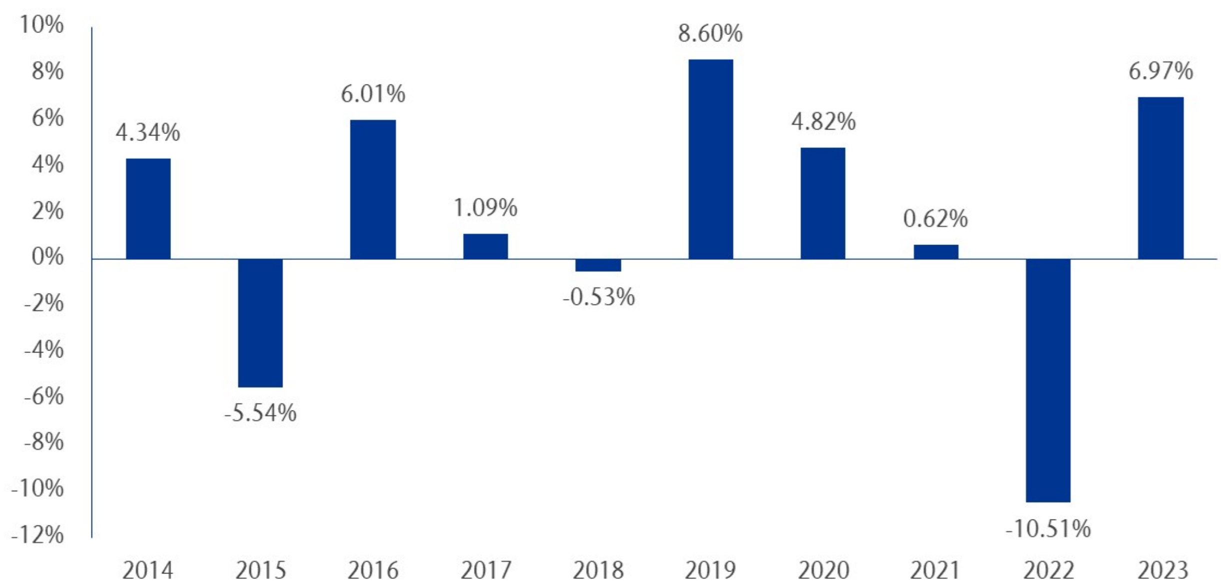
Past Performance

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.

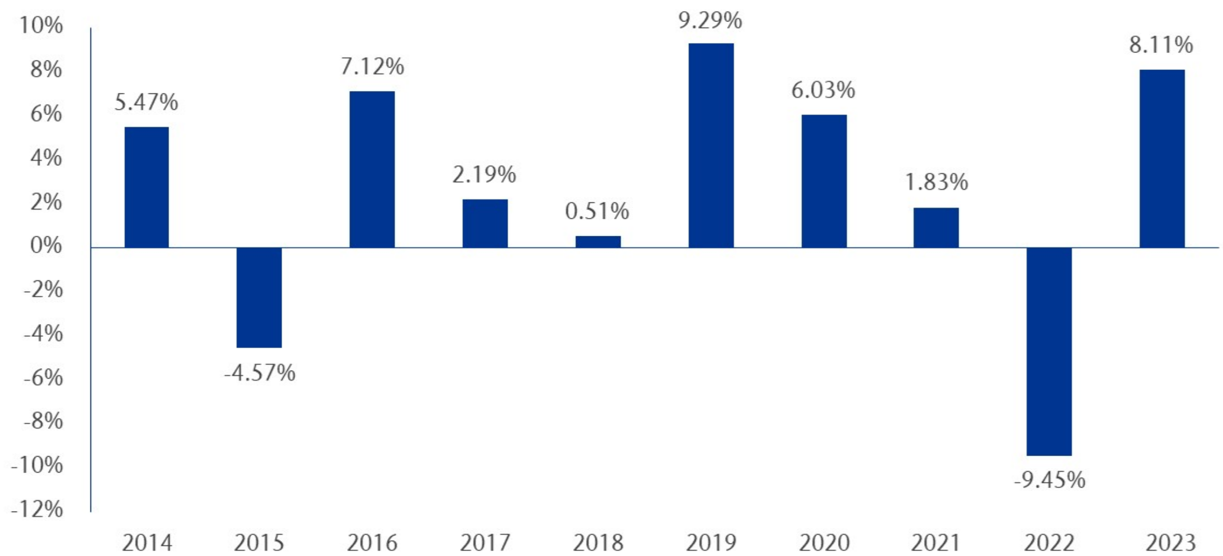
Year-by-year Returns

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.

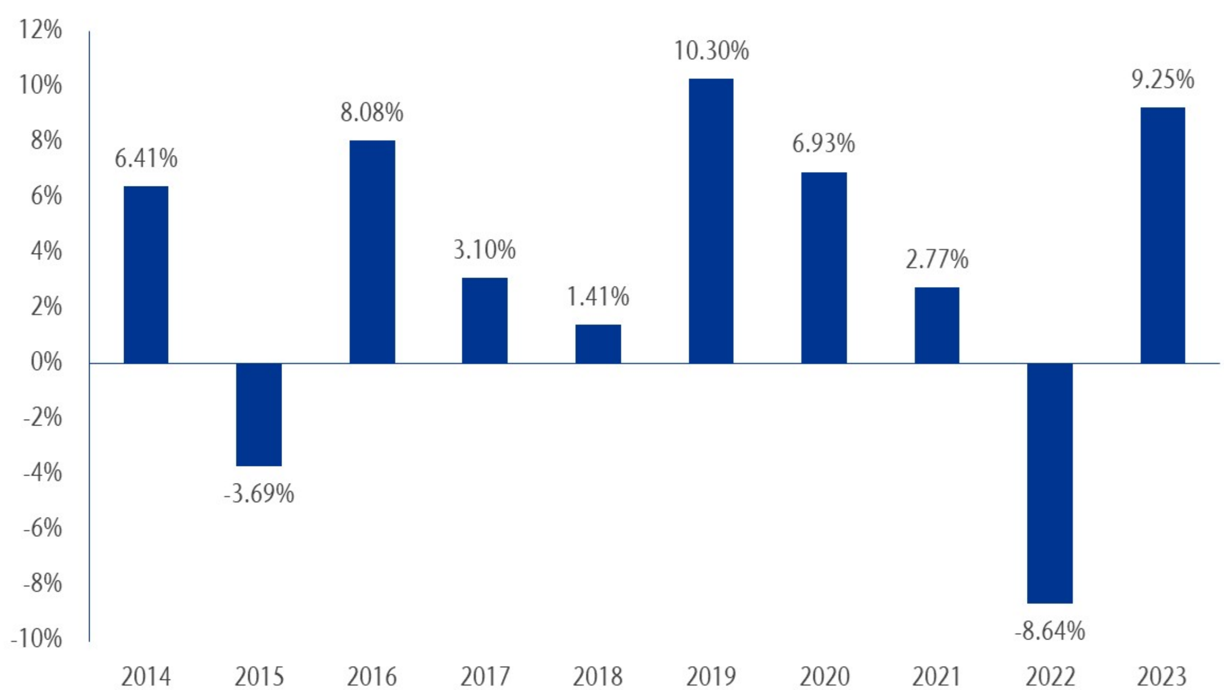
Series A



Series F



Series I



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 High Yield Bond Fund	1 yr	3 yr	5 yr	10 yr	Since Inception	Inception Date
Series A (CCL 650)	6.97%	-1.24%	1.86%	1.42%	1.99%	**May-16-12**
Index*	9.25%	1.02%	4.37%	4.45%	5.10%	
Series F (CCL 651)	8.11%	-0.11%	2.93%	2.49%	2.62%	**September-19-12**
Index*	9.25%	1.02%	4.37%	4.45%	5.10%	
Series I (CCL 652)	9.25%	0.85%	3.88%	3.43%	4.00%	**May-16-12**
Index*	9.25%	1.02%	4.37%	4.45%	5.10%	

*30% Merrill Lynch US High Yield Cash Pay BB Index (CAD$) & 30% Merrill Lynch US High Yield Cash Pay BB Index (Hedged to CAD) & 30% FTSE TMX Canada Corporate BBB Bond Index & 10% Merrill Lynch Canada BB-B High Yield Index. Inception date: May 16, 2012

For a brief discussion of the relative performance of the Fund as compared to the benchmark index (or indices), please see the "Results of Operations" section herein. The variability of returns between the difference fund series is primarily related to the impact of fees and expenses which are deducted in determining the returns of each series. See the section entitled "Financial Highlights" for the management expense ratio of each series.

SUMMARY OF INVESTMENT PORTFOLIO

Below is a breakdown of the Fund's investment holdings as at December 31, 2023. The individual holdings and their relative percentage of the overall fund will change between reporting periods as markets change and portfolio managers buy and sell individual securities.

Asset Mix	% of Net Asset Value
Canadian high yield bonds	51.5
U.S. high yield bonds	37.0
Other bonds	3.1
Short-term investments	7.1
Other assets less liabilities	1.0
Curreny forward contracts	0.5
Futures contracs	-0.2
	100.0

Asset Mix	% of Net Asset Value
Automotive	5.0
Banking	13.4
Basic Industry	1.6
Capital goods	0.6
Communications	4.5
Consumer goods	1.0
Energy	18.1
Healthcare	3.7
Leisure	4.6
Media	8.4
Real estate	5.3
Retail	1.5
Services	3.5
Technology & electronics	1.1
Telecommunications	6.9
Transportation	1.1
Utilities	11.3
Short-term investments	7.1
Other assets less liabilities	1.0
Curreny forward contracts	0.5
Futures contracs	-0.2
	100.0

	Top 25 Investments	% of Net Asset Value
1	Rogers Communications In 5.00% 2026.12.17	2.7
2	Cinemark Usa Inc 5.25% 2028.07.15	2.5
3	Suncor Energy Inc 5.40% 2026.11.17	2.2
4	Ford Motor Credit Co Llc 4.27% 2027.01.09	2.1
5	Transcanada Trust 4.65% 2027.05.18	2.0
6	Canada 1.75% 2053.12.01	2.0
7	Telus Corp 5.60% 2030.09.09	1.9
8	Enbridge Inc. 5.38% 2027.09.27	1.8
9	Cco Holdings Llc / Cco Holdings Capital Corp 5.00% 2028.02.01	1.6
10	Civitas Resources Inc 8.38% 2028.07.01	1.6
11	Emera Inc 6.75% 2026.06.15	1.5
12	Cable One Inc 4.00% 2030.11.15	1.5
13	United Rentals North Am 3.88% 2031.02.15	1.4
14	Videotron Ltd 4.50% 2030.01.15	1.4
15	Enbridge Pipelines Inc 3.52% 2029.02.22	1.4
16	National Bank Of Canada 5.43% 2027.08.16	1.3
17	Scripps Escrow Inc 5.88% 2027.07.15	1.2
18	Hertz Corp/The 5.00% 2029.12.01	1.1
19	Cleveland-Cliffs Inc 6.75% 2030.04.15	1.1
20	Transcanada Pipelines 3.80% 2027.04.05	1.1
21	Inter Pipeline Ltd 6.63% 2029.11.19	1.1
22	Air Canada 4.63% 2029.08.15	1.1
23	Capital Power Corp 5.38% 2027.01.25	1.0
24	Videotron Ltd 3.13% 2031.01.15	1.0
25	Albertsons Cos/Safeway 3.50% 2029.03.15	1.0
	Top long positions as a percentage of total net asset value	38.6

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.