CONNOR, CLARK & LUNN
FUNDS

NS Partners International Equity Focus 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 NS Partners International Equity Focus Fund (the “Fund”) seeks to provide unitholders with long term capital appreciation by investing in a portfolio comprised primarily of non-North American equity securities.

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

Investment strategies — To achieve the investment objectives, the manager, CFI has retained NS Partners Ltd. as portfolio manager to invest the assets of the Fund with full authority and responsibility for security selection.

The Fund will invest primarily in non-North American equities traded on recognized international exchanges, rights, warrants, cash and cash equivalents, index ETFs, and derivatives. The Fund may temporarily hold all or a portion of its assets in cash, money market instruments, and securities of affiliated money market funds in anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes, for rebalancing purposes or for purposes of a merger or other transactions. As a result, the Fund may not be fully invested in accordance with its fundamental investment objectives.

The Fund will invest in both developed markets and emerging markets. Up to 20% of the assets of the Fund may be invested in emerging markets at any time. Generally, the Fund will hold no fewer than securities of 25 issuers at any time. Geographical diversification will be achieved by allowing regional exposure to range from +/- 15% around the benchmark. The Fund’s benchmark is the MSCI EAFE Index (C$) (Net).

The portfolio manager does not intend on hedging the Fund’s currency exposure such that the Fund will be subject to active currency exposure which will vary depending on the securities held in the Fund at any time and the currency in which those securities are denominated.

The Fund may use specified derivatives, such as options, futures, forward contracts and swaps, as permitted by Canadian securities laws. These financial instruments may also be used to gain exposure to income producing investments without actually investing in them directly.

The Fund currently does not intend to hold securities of an underlying fund but may from time to time in the future purchase securities of an underlying fund, including underlying funds managed by the portfolio manager or one of its affiliates or associates. In any event, the Fund does not expect that in excess of 10% of its net assets would be dedicated to the investment in the securities of, or entering into of specified derivative transactions for which the underlying interest is based on the securities of, underlying funds.

Repurchase transactions, reverse repurchase transactions and securities lending 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, NS Partners International Equity Focus Fund (the "Fund") held $37.4 million in total net assets. During the year ended December 31, 2023, investors in Series A units in the Fund experienced a return of 9.27%. The benchmark for the Fund (MSCI EAFE Index Net (CAD$)) returned 15.07% 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.

International equity markets made solid gains in 2023, with the MSCI EAFE Index rising +15.07% in CAD. Returns were boosted into year-end by better inflation data and a perceived 'pivot' in interest rate policy by the Federal Reserve, the shift in narrative halting the march higher in 10Y yields and boosting longer duration assets. Information technology was the best performing sector during the year rising +33%, driven by the ongoing focus on artificial intelligence and falling yields. Other strong gainers included cyclical areas such as industrials (+25%) and consumer discretionary (+19%). Weaker sectors included real estate (+7%), although there was a significant divergence in performance between companies exposed to falling rates in developed markets versus anything Hong Kong or China exposed, and consumer staples (+2%) which is suffering from weaker pricing following gains taken through the Covid period.

At a regional level, Japan and Europe both posted strong gains during the year, rising +17.9% and 17.4% respectively, with Pacific ex Japan trailing the group and gaining just +3.8%. Problems in China have continued throughout the year as the country grapples with numerous problems, including ongoing weakness in the property sector, uncoordinated regulatory clampdowns, poor geopolitical news flow, and a lack of confidence from both domestic and overseas investors. Flow data from the region has shown shifts to other countries, including Japan, but are still not indicating capitulation despite the price action. Decisive measures need to be taken to reverse this trend. Interest in Japan continues to increase, buoyed by the TSE reforms which started picking up steam around April last year, and look set to continue into 2024. The low hanging fruit of share buybacks was a good starting point, but as the CEO of the TSE points out, the drive is more about companies focusing on cost of capital and boosting ROE's which are far more sustainable in the long term. The initiatives are welcome, and we continue to search for companies making changes for the right reasons, but a coordinated approach that includes the financial regulator and high-profile government and industry officials would give the drive more teeth. The number one question posed to the TSE CEO post the reforms so far has been 'why is it different this time?'.

Prospects in the UK and Eurozone are still worse than the US as money trends continue to lag, suggesting further economic underperformance and more urgent need for policy relief. A general election must be called in the UK by late January 2025, but Prime Minister Rishi Sunak has hinted that he favours the second half of 2024, no doubt hoping that tax giveaways in the Spring Budget will turn the stubbornly negative polls. Whoever forms the next government will have very little room to maneuver fiscally with the UK public sector debt to GDP ratio of 89% forecast to rise further to 93% by 2026 on unchanged policies. The UK / Eurozone economies are on the brink of technical recessions, with GDP falling by 0.1% in Q3 in both cases and early Q4 data remaining downbeat.

Performance during the year lagged the index, with the Fund returning +11.64% in CAD vs the index of +15.07%. Our monetary analysis has kept us more cautiously positioned at a sector level, which detracted, as did our exposure to HK/China as we looked towards a strong reopening from a prolonged Covid lockdown. Exposure to HK/China has been reduced during the year and the focus shifted more towards Japan, where reform initiatives are stronger, and inflows have still not picked up meaningfully.

At a sector level financials were the largest negative contributor, with HK insurers AIA (-22%) and Prudential (-18%) both facing significant selling pressure from global investors, despite visitor volumes returning to HK and new licenses being granted in China. Both businesses are leaders in their categories and have significantly underpenetrated markets to explore across Asia for years to come. Valuations are at multi year lows and earnings momentum is currently accelerating, but as money has flowed out of the region both have been caught up in the selling pressure. We continue to like AIA and Prudential, which have two of the strongest franchises in the region but will maintain a smaller active weight until there is a clearer path to recovery in China. Dutch payments company Adyen (-9%) fell during the year after reporting half-year numbers well below target. This was in large part driven by weakness in the US, where there was significant price competition. This weaker growth coincides with rising costs as the company increases headcount to drive the next leg of expansion. We have sold the position as the valuation was still high given the lack of visibility about prospects and poor corporate communication. Positive contributors included BNP (+26%) in France and LSE Group (+36%) in the UK.

Consumer staples were the other main negative for the Fund during the year, with strong performance from French cosmetics giant L'Oreal (+38%) unable to offset stock specific issues at Budweiser Apac (-41%) in HK, and salmon farmer Bakkafrost (-17%) in the Faroe Islands. Bud Apac has been weak during the year partly due to higher raw material costs and increased price competition in South Korea, although the dominant factor has been the negative sentiment towards HK/China. The company appears to have reached a scale where margins and cashflow are improving, ROIC is trending higher, yet is still being sold due to the malaise in China. As with AIA/Prudential we have reduced the position size until the recovery path in the region becomes clearer. Bakkafrost has been expanding its operations in Scotland and suffered from commissioning issues at their huge new facility, at the same time as existing operations were hit with biological challenges related to jellyfish swarms, leading to gill health problems. The Scottish facility is an impressive operation and will lead to significantly better performance in the years ahead.

IT was the largest contributor at a sector level, the Fund was overweight and performance was strong. There have been multiple drivers as the year progressed, including blowout numbers from Nvidia sparking the AI investment boom, capacity cuts from the DRAM manufacturers marking the low of the memory cycle, and peaking US yields giving a boost to longer duration assets. Two of the stronger performers in the Fund included accounting software provider Xero (+56%) in Australia, and EUV mask inspection machine maker Lasertec (+57%) in Japan. We were impressed by the company's technology and industry positioning when we visited them earlier in the year but given the strong run in the share price, we are struggling to justify valuations and have now exited the position. The Fund is currently positioned in software, next generation hardware including GAA, and more commodity type areas such as memory and wafers where inventories have peaked and should continue to benefit into year two of the cycle.

Real estate was a positive contributor, driven by good performance from Goodman Group (+45%) in Australia. The company is one of the largest logistic facility developers and managers globally and was an initial beneficiary of the peaking rates narrative; however, has now been given an additional boost by exposure to data center developments. The US hyperscalers would like more involvement from Goodman, which will be at a higher margin than their traditional business and has led to further analysts upgrades in the years ahead.

Recent Developments

The significant gains in equity markets at the end of 2024 have pushed bullish sentiment measures to high levels consistent with a correction. Our analysis suggests that inflation has further to fall and rate cuts should be forthcoming this year, but the bond market has discounted a lot of good news in a short space of time and at least a consolidation seems probable near term. We continue to believe that hard landings are possible in the US / Europe, with resilience to date not inconsistent with historical lags with monetary weakness and yield curve inversion. Against this backdrop, and with our excess liquidity measures still negative, we expect quality to outperform and defensive sectors to make a comeback versus now-expensive cyclicals.

Accordingly, the portfolio is overweight healthcare and staples versus underweights in materials, industrials, consumer discretionary and financials. Exposure to emerging markets has been reduced and is focused in Korea, while Japan is closer to benchmark. We continue to focus the portfolio on companies with strong financials where earnings will prove more resilient in an economic slowdown and which benefit from internal growth drivers or exposure to industries that have structural growth.

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 NS Partners 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, the portfolio manager retained by the Fund, NS Partners 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 tabled no special reports and made no reportable material recommendations to the manager of the Fund during the year ended December 31, 2023.

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 [4]
Net Assets, beginning of period [1]	$10.69	$10.00
Increase (decrease) from operations:		
Total revenues	0.15	0.03
Total expenses	(0.30)	(0.09)
Realized gains (losses) for the period	0.20	0.12
Unrealized gains (losses) for the period	(0.11)	0.73
Total increase (decrease) from operations [2]	(0.06)	0.79
Distributions:		
From net investment income (excluding dividends)	-	-
From dividends	(0.04)	-
From capital gains	(0.06)	(0.10)
Return of capital	-	-
Total distributions[2,3]	(0.10)	(0.10)
Net assets at December 31 of year shown[1,2]	$11.58	$10.69

Series A inception date: September 14, 2022

Series F	Dec 31'23	Dec 31'22 [4]
Net Assets, beginning of period [1]	$10.72	$10.00
Increase (decrease) from operations:		
Total revenues	0.21	0.03
Total expenses	(0.19)	(0.06)
Realized gains (losses) for the period	0.20	0.12
Unrealized gains (losses) for the period	0.23	0.74
Total increase (decrease) from operations [2]	0.45	0.83
Distributions:		
From net investment income (excluding dividends)	-	-
From dividends	(0.10)	-
From capital gains	(0.06)	(0.10)
Return of capital	-	-
Total distributions[2,3]	(0.16)	(0.10)
Net assets at December 31 of year shown[1,2]	$11.70	$10.72

Series F inception date: September 14, 2022

Series I	Dec 31'23	Dec 31'22 [4]
Net Assets, beginning of period [1]	**$10.75**	**$10.00**
Increase (decrease) from operations:		
Total revenues	0.23	0.03
Total expenses	(0.08)	(0.05)
Realized gains (losses) for the period	0.21	0.14
Unrealized gains (losses) for the period	0.85	0.94
Total increase (decrease) from operations [2]	**1.21**	**1.06**
Distributions:		
From net investment income (excluding dividends)	-	-
From dividends	(0.16)	-
From capital gains	(0.06)	(0.10)
Return of capital	-	-
Total distributions[2,3]	**(0.22)**	**(0.10)**
Net assets at December 31 of year shown[1,2]	**$11.78**	**$10.75**

Series I inception date: September 14, 2022

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

(2) Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

(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 September 14, 2022 (date of commencement of operations) to December 31, 2022.

Ratios & Supplemental Data:

Series A	Dec 31'23	Dec 31'22 (6)
Total net asset value ('000s)(1)	$39	$1
Number of units outstanding(1)	3,410	101
Management expense ratio(2)	2.35%	2.57%
Management expense ratio before waivers or absorptions (3)	2.35%	2.57%
Portfolio turnover rate(4)	32.57%	26.08%
Trading expense ratio(5)	0.13%	0.76%
Net asset value per unit	$11.58	$10.69

Series A inception date: September 14, 2022

Series F	Dec 31'23	Dec 31'22 (6)
Total net asset value ('000s)(1)	$513	$1
Number of units outstanding(1)	43,878	101
Management expense ratio(2)	1.26%	1.75%
Management expense ratio before waivers or absorptions (3)	1.26%	1.75%
Portfolio turnover rate(4)	32.57%	26.08%
Trading expense ratio(5)	0.13%	0.76%
Net asset value per unit	$11.70	$10.72

Series F inception date: September 14, 2022

Series I	Dec 31'23	Dec 31'22 (6)
Total net asset value ('000s)(1)	$36,823	$30,428
Number of units outstanding(1)	3,126,863	2,831,654
Management expense ratio(2)	0.28%	0.75%
Management expense ratio before waivers or absorptions (3)	0.28%	0.75%
Portfolio turnover rate(4)	32.57%	26.08%
Trading expense ratio(5)	0.13%	0.76%
Net asset value per unit	$11.78	$10.75

Series I inception date: September 14, 2022

(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 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, 2022 or for the period from September 14, 2022 (date of commencement of operations) to December 31, 2022, 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 Portfolio to CFI. Management fees in respect of Series I units are arranged directly and charged outside the Portfolio. Management fees on Series I units are not expenses of the Portfolio. 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	1.90%	47.37%	52.63%
Series F	0.90%	0.00%	100.00%
Series I	0.00%	0.00%	0.00%

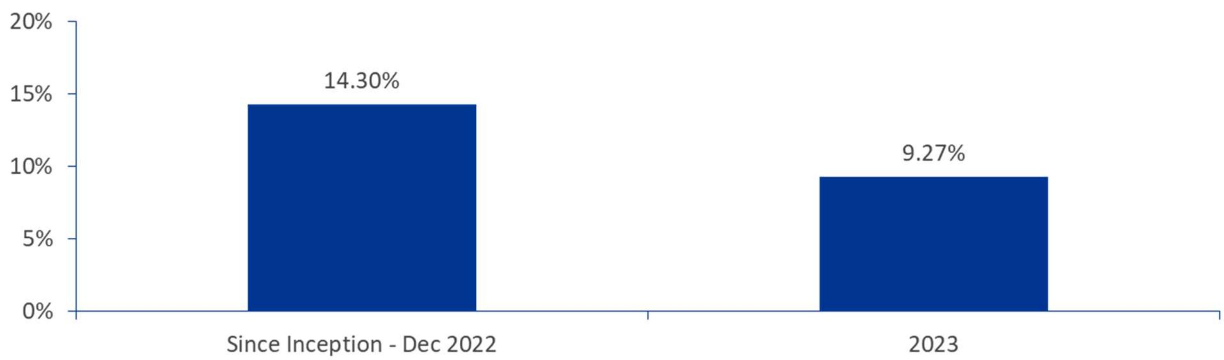
Past Performance

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

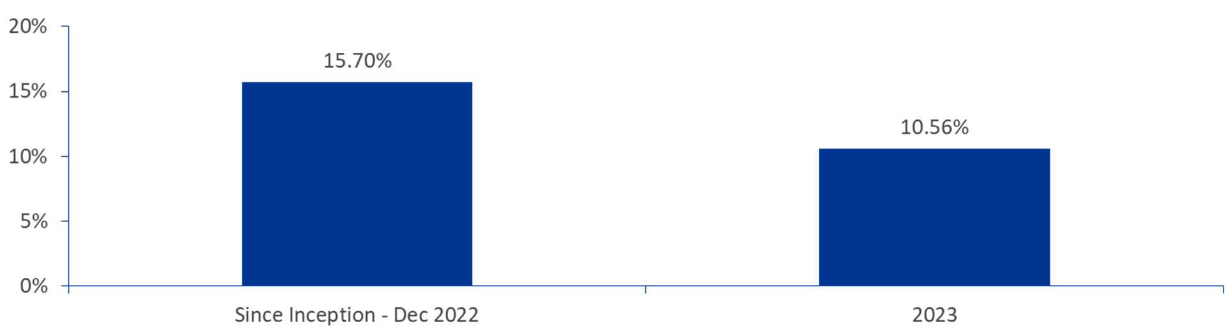
The following bar charts show the Fund's annual performance for each of the years shown and illustrate how the Fund's performance has changed from year to year, for each series of the Fund. The charts show, in percentage terms, how much an investment made on the first day of each financial period would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

Series A



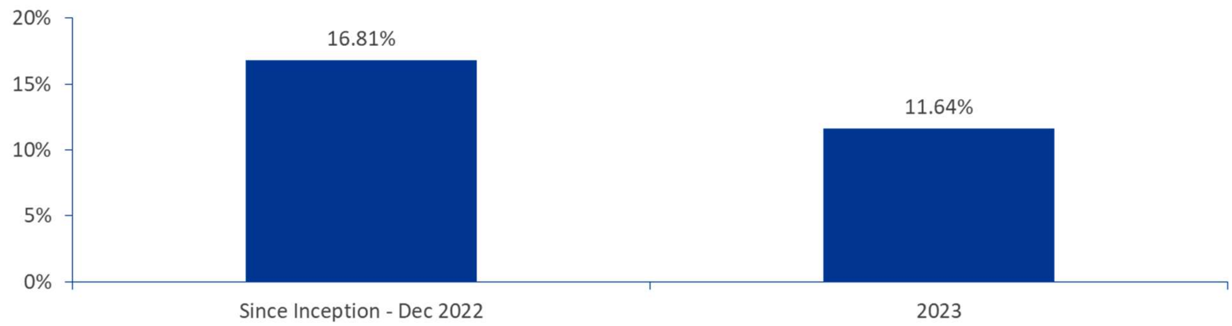
Performance for 2022 represents returns from October 5, 2022 to December 31, 2022.

Series F



Performance for 2022 represents returns from October 5, 2022 to December 31, 2022.

Series I



Performance for 2022 represents returns from October 5, 2022 to December 31, 2022.

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.

NS Partners International Equity Focus Fund	1 yr	3 yr	5 yr	10 yr	Since Inception	Inception Date
Series A	9.27%	-	-	-	14.30%	**October-5-22**
Index*	15.07%	-	-	-	11.80%	
Series F	10.56%	-	-	-	15.70%	**October-5-22**
Index*	15.07%	-	-	-	11.80%	
Series I	11.64%	-	-	-	16.81%	**October-5-22**
Index*	15.07%	-	-	-	11.80%	

* MSCI EAFE Index Net (CAD)

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
Europe	63.0
Australasia	35.1
Other assets less liabilities	1.9
	100.0

Asset Mix	% of Net Asset Value
Communication services	6.3
Consumer discretionary	6.8
Consumer staples	14.0
Energy	4.3
Financials	16.4
Health care	16.5
Industrials	11.8
Information technology	11.6
Materials	7.0
Real estate	3.4
Utilities	-
Other assets less liabilities	1.9
	100.0

	Top 25 Investments	% of Net Asset Value
1	Novo Nordisk A/S-B	4.1
2	Nestle SA-Reg	3.6
3	Astrazeneca PLC	3.2
4	Shell PLC	3.1
5	Experian PLC	2.9
6	Recruit Holdings	2.8
7	Sony Group Corp	2.8
8	Csl Ltd	2.7
9	Cellnex Telecom Sau	2.6
10	Keyence Corp	2.6
11	Amadeus It Group Sa-A Shs	2.6
12	SAP SE	2.5
13	Hoya Corp	2.4
14	Hannover Rueckversicheru-Reg	2.4
15	Goodman Group	2.3
16	Airbus SE	2.3
17	Givaudan-Reg	2.2
18	Bakkafrost P/F	2.2
19	BNP Paribas	2.0
20	Lonza Group Ag-Reg	2.0
21	Zurich Insurance Corp.	2.0
22	Terumo Corp	2.0
23	L'Oreal	2.0
24	Universal Music Group Bv	1.9
25	Schneider Electric Sa	1.9
	Top long positions as a percentage of total net asset value	63.0

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.