



CC&L High Yield Bond Fund

Interim Management Report of Fund Performance

For the period ended June 30, 2025

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

As at June 30, 2025, CC&L High Yield Bond Fund (the “Fund”) held \$135.8 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 (30% Merrill Lynch US High Yield Cash Pay BB Index (Non CAD Hedged) (CAD\$) & 30% Merrill Lynch US High Yield Cash Pay BB) returned 2.17% over the same period. 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 half of 2025 was defined by evolving macroeconomic stressors that shaped asset prices and policy expectations. In Q1, financial markets grappled with a surge in geopolitical uncertainty as the Trump administration reignited global trade tensions. While many of the tariff threats were delayed or dialed back, the posturing had real effects on business confidence, consumer sentiment, and risk appetite. The resulting drag on activity was compounded by stubborn inflation pressures, particularly in the wake of tariffs, which complicated the policy outlook for central banks.

By Q2, the market’s attention shifted from acute volatility to signs of a broader, more entrenched economic slowdown. Early in the quarter, another round of U.S. tariffs reignited a risk-off tone, but sentiment stabilized as tensions cooled. Still, data releases confirmed softening economic momentum: US retail sales and jobless claims weakened, Canadian GDP contracted for a second consecutive month, and housing emerged as a clear area of vulnerability in both economies. Labour markets showed early signs of strain, and inflation trajectories diverged—remaining sticky in Canada while easing in the US. Even with ongoing concerns over US fiscal credibility and a sovereign credit downgrade, risk assets broadly shrugged off geopolitical stress by quarter-end.

Central bank policy reflected a cautious wait-and-see approach amid mounting crosscurrents. The Bank of Canada cut rates twice in Q1, lowering the overnight rate by a cumulative 50 basis points to 2.75%, while the Federal Reserve held steady at 4.25–4.5% throughout both quarters. By Q2, both central banks maintained their policy rates despite diverging inflation signals, where inflation reaccelerated in Canada but eased in the US.

Bond yields responded dynamically to evolving macro conditions. In Q1, yields declined sharply across the curve, reflecting both safe-haven flows and expectations of central bank easing. In contrast, Q2 saw yields spike in Canada. For the period as a whole, short-term yields declined, while longer-term yields rose, reflecting a steepening in the yield curve. Credit spreads widened meaningfully in Q1 as investor risk appetite faltered, but spreads reversed course in Q2 and narrowed as markets regained footing.

The Fund’s performance was positive for the period but underperformed the benchmark. Security selection detracted from performance driven by industry positioning across the automotive industry. Interest rate positioning contributed to performance, driven by duration positioning. Sector allocation benefited from the tilt toward Canadian credit relative to US credit, and from opportunistic positioning across the credit curve.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Recent Developments

Economic momentum is fading, but the pace of the deceleration remains unusually slow. Growth continues to be underpinned by three key forces: persistent fiscal stimulus, labour hoarding (where businesses retain employees to avoid future difficulty rehiring), and resilient consumer balance sheets. However, recent data – particularly in housing and consumer spending – suggest a quiet broadening of weakness beneath the surface. Housing stands out as the most concerning segment, with clear and sustained softness across both the US and Canada. Given its historical role in leading economic recoveries and recessions, housing weakness casts doubt on any near-term growth rebound. Inflation presents a more ambiguous picture. While headline data have eased and short-term pressures are abating, inflation expectations remain uncomfortably elevated. With central banks largely reactive and waiting for clearer signals, the bar for near-term rate cuts remains high unless data meaningfully deteriorates.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

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 know there is no specific intention of updating any forward-looking statements contained therein whether as a result of new information, future events or otherwise.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

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 period ended June 30, 2025, 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 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, 2025.

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 unaudited interim financial statements and annual audited financial statements.

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

Series A	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Net Assets, beginning of period ⁽¹⁾	\$7.40	\$7.18	\$7.08	\$8.33	\$8.63
Increase (decrease) from operations:					
Total revenues	0.18	0.38	0.35	0.35	0.36
Total expenses	(0.08)	(0.16)	(0.16)	(0.16)	(0.18)
Realized gains (losses) for the period	0.11	0.09	(0.16)	(0.67)	0.02
Unrealized gains (losses) for the period	(0.11)	0.23	0.41	(0.54)	(0.15)
Total increase (decrease) from operations ⁽²⁾	0.10	0.54	0.44	(1.02)	0.05
Distributions:					
From net investment income (excluding dividends)	(0.15)	(0.34)	(0.38)	(0.38)	(0.35)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ^(2,3)	(0.15)	(0.34)	(0.38)	(0.38)	(0.35)
Net assets at June 30 or December 31 of year shown ^(1,2)	\$7.34	\$7.40	\$7.18	\$7.08	\$8.33

Series A inception date: May 16, 2012

Series F	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Net Assets, beginning of period ⁽¹⁾	\$8.11	\$7.75	\$7.57	\$8.80	\$9.01
Increase (decrease) from operations:					
Total revenues	0.20	0.41	0.37	0.37	0.38
Total expenses	(0.04)	(0.08)	(0.09)	(0.08)	(0.09)
Realized gains (losses) for the period	0.12	0.14	(0.17)	(0.74)	0.01
Unrealized gains (losses) for the period	(0.13)	0.16	0.42	(0.37)	(0.14)
Total increase (decrease) from operations ⁽²⁾	0.15	0.63	0.53	(0.82)	0.16
Distributions:					
From net investment income (excluding dividends)	(0.16)	(0.38)	(0.41)	(0.40)	(0.38)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ^(2,3)	(0.16)	(0.38)	(0.41)	(0.40)	(0.38)
Net assets at June 30 or December 31 of year shown ^(1,2)	\$8.10	\$8.11	\$7.75	\$7.57	\$8.80

Series F inception date: September 19, 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.

FINANCIAL HIGHLIGHTS

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

Series I	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Net Assets, beginning of period ⁽¹⁾	\$9.19	\$8.76	\$8.46	\$9.77	\$9.93
Increase (decrease) from operations:					
Total revenues	0.22	0.46	0.42	0.41	0.42
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	0.14	0.12	(0.20)	(0.81)	-
Unrealized gains (losses) for the period	(0.12)	0.31	0.51	(0.49)	(0.13)
Total increase (decrease) from operations ⁽²⁾	0.23	0.88	0.72	(0.90)	0.28
Distributions:					
From net investment income (excluding dividends)	(0.18)	(0.44)	(0.47)	(0.46)	(0.43)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ^(2,3)	(0.18)	(0.44)	(0.47)	(0.46)	(0.43)
Net assets at June 30 or December 31 of year shown ^(1,2)	\$9.22	\$9.19	\$8.76	\$8.46	\$9.77

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.

FINANCIAL HIGHLIGHTS

Ratios & Supplemental Data:

Series A	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Total net asset value (000s) ⁽¹⁾	\$143	\$175	\$240	\$341	\$619
Number of units outstanding ⁽¹⁾	19,426	23,728	33,431	48,172	74,353
Management expense ratio ⁽²⁾	2.15%	2.23%	2.21%	2.19%	2.20%
Management expense ratio before waivers or absorption ⁽³⁾	2.15%	2.23%	2.21%	2.19%	2.20%
Portfolio turnover rate ⁽⁴⁾	75.91%	160.82%	186.59%	175.26%	109.10%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	\$7.34	\$7.40	\$7.18	\$7.08	\$8.33

Series A inception date: May 16, 2012

Series F	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Total net asset value (000s) ⁽¹⁾	\$102	\$101	\$138	\$225	\$248
Number of units outstanding ⁽¹⁾	12,609	12,415	17,834	29,776	28,226
Management expense ratio ⁽²⁾	1.00%	1.03%	1.11%	1.01%	0.97%
Management expense ratio before waivers or absorption ⁽³⁾	1.00%	1.03%	1.11%	1.01%	0.97%
Portfolio turnover rate ⁽⁴⁾	75.91%	160.82%	186.59%	175.26%	109.10%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	\$8.10	\$8.11	\$7.75	\$7.57	\$8.80

Series F inception date: September 19, 2012

Series I	JUN 30, 25	DEC 31, 24	DEC 31, 23	DEC 31, 22	DEC 31, 21
Total net asset value (000s) ⁽¹⁾	\$135,552	\$118,546	\$87,445	\$99,282	\$122,861
Number of units outstanding ⁽¹⁾	14,705,118	12,900,101	9,987,321	11,732,642	12,580,103
Management expense ratio ⁽²⁾	0.11%	0.13%	0.09%	0.12%	0.08%
Management expense ratio before waivers or absorption ⁽³⁾	0.11%	0.13%	0.09%	0.12%	0.08%
Portfolio turnover rate ⁽⁴⁾	75.91%	160.82%	186.59%	175.26%	109.10%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	\$9.22	\$9.19	\$8.76	\$8.46	\$9.77

Series I inception date: May 16, 2012

(1) This information is provided as at June 30 or December 31 of the years shown.

(2) Management expense ratio is based on total expenses (excluding 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 trades 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 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 the 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.

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 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	1.85%	54.05%	45.95%
Series F	0.85%	0.00%	100.00%
Series I	0.00%	0.00%	0.00%

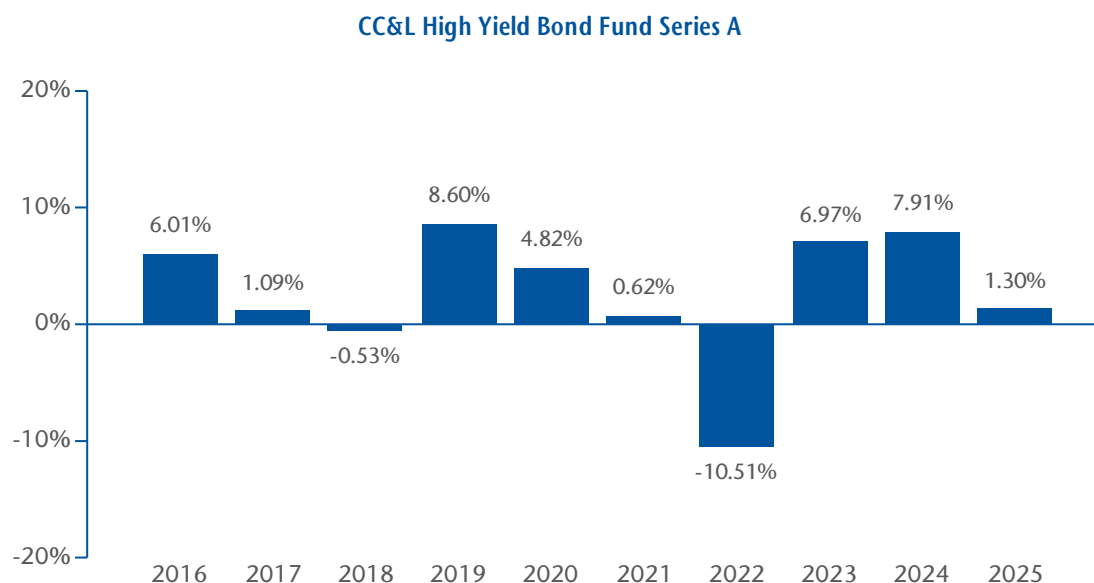
PAST PERFORMANCE - CC&L HIGH YIELD BOND FUND SERIES A

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 for the six-month period ended June 30, 2025 and illustrate how the Fund's performance has changed from period to period. 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.



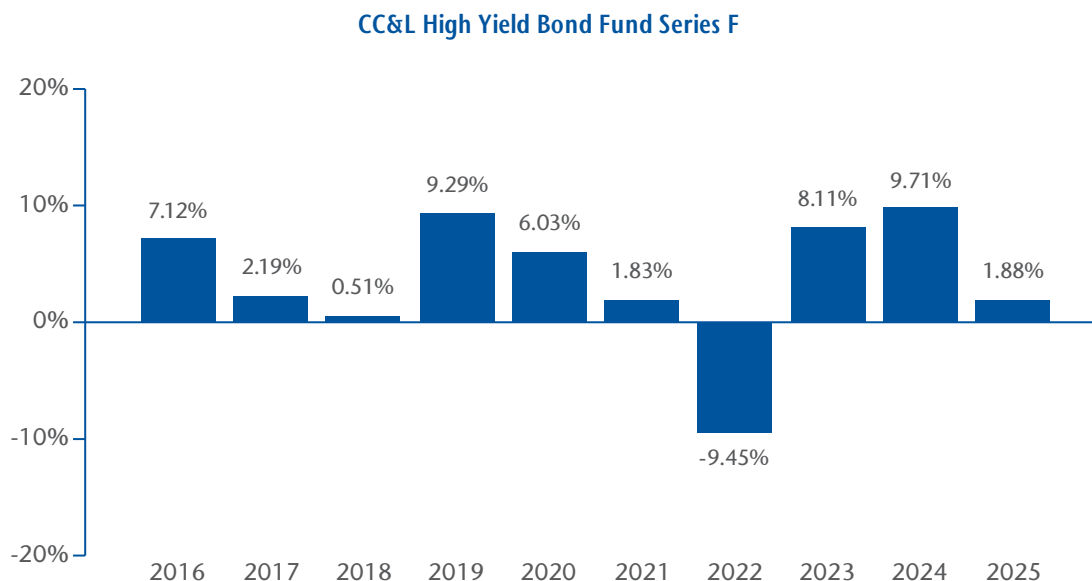
PAST PERFORMANCE - CC&L HIGH YIELD BOND FUND SERIES F

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.

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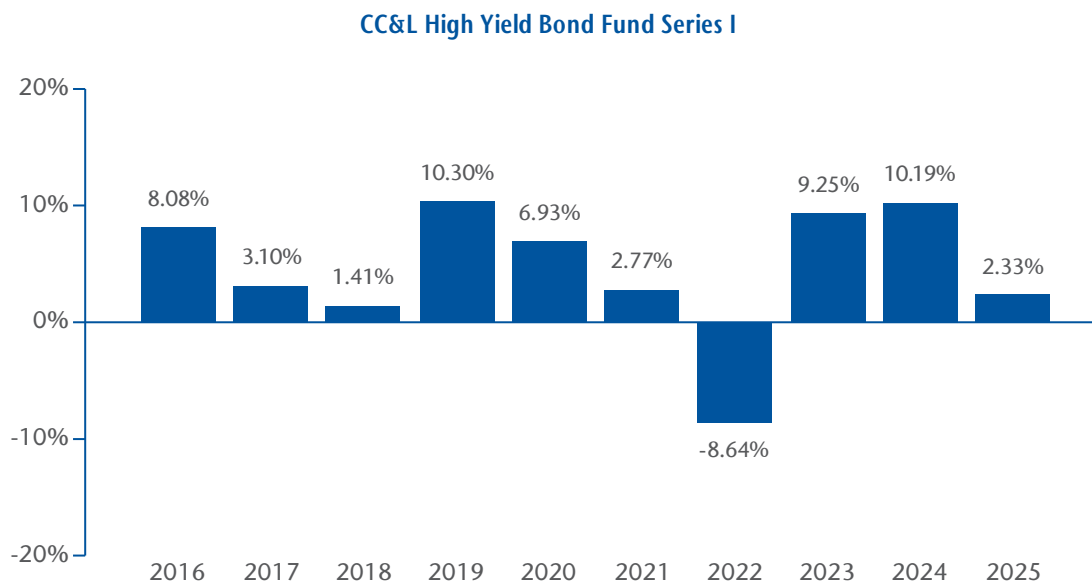
PAST PERFORMANCE - CC&L HIGH YIELD BOND FUND SERIES I

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 for the six-month period ended June 30, 2025 and illustrate how the Fund's performance has changed from period to period. 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.



SUMMARY OF INVESTMENT PORTFOLIO

Below is a breakdown of the Fund's investment holdings as at June 30, 2025. 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 high yield bonds	52.8	1 Avolon Holdings Fndg Ltd 5.75% 2029.11.15	2.5
U.S. high yield bonds	35.0	2 Petsmart Inc/Petsmart Fi 7.75% 2029.02.15	2.4
Other bonds	7.6	3 Canada 2.75% 2027.05.01	2.2
Short-term investments	4.2	4 Cogeco Communications 6.13% 2029.02.27	2.0
Other assets less liabilities	0.4	5 Videotron Ltd 4.50% 2030.01.15	1.8
Currency forward contracts	0.0	6 Albertsons Cos/Safeway 3.50% 2029.03.15	1.7
Futures contracts	0.0	7 Molina Healthcare Inc 4.38% 2028.06.15	1.6
	100.0	8 Tenet Healthcare Corp 4.38% 2030.01.15	1.5
		9 SNC-Lavalin Group Inc. 5.70% 2029.03.26	1.3
Asset Mix	% of Net Asset Value	10 Parkland Corp 6.63% 2032.08.15	1.3
Automotive	3.8	11 Parkland Corp/Canada 4.38% 2029.03.26	1.2
Banking	9.3	12 Inter Pipeline Ltd 5.85% 2032.05.18	1.2
Basic Industry	4.1	13 Telus Corp 5.60% 2030.09.09	1.1
Capital goods	2.0	14 Us Treasury N/B 4.63% 2035.02.15	1.1
Communications	2.5	15 Rogers Communications In 3.30% 2029.12.10	1.1
Consumer goods	1.2	16 Enbridge Inc. 5.38% 2027.09.27	1.1
Energy	15.4	17 Goeasy Ltd 7.38% 2030.10.01	1.0
Healthcare	5.6	18 Cco Holdings Llc / Cco Holdings Capital Corp 5.00%	1.0
Leisure	3.4	19 Meg Energy Corp 5.88% 2029.02.01	1.0
Media	7.7	20 Algonquin Pwr & Utility 5.25% 2032.01.18	0.9
Real estate	7.0	21 Brookfield Infra Fin Ulc 5.71% 2030.07.27	0.9
Retail	8.4	22 First Cap Real Estate In 5.46% 2032.06.12	0.9
Services	1.3	23 Venture Global Lng Inc 9.88% 2032.02.01	0.8
Technology & electronics	1.0	24 Arko Corp 5.13% 2029.11.15	0.8
Telecommunications	7.1	25 Goodyear Tire & Rubber 5.25% 2031.07.15	0.8
Transportation	2.1		
Utilities	13.5		
Short-term investments	4.2		33.1
Other assets less liabilities	0.4		
Currency forward contracts	0.0		
Futures contracts	0.0		
	100.0		

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