



PCJ Focused Opportunities 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, PCJ Focused Opportunities Fund (the “Fund”) held \$4.53 million in total net assets. During the period, investors in Series A units in the Fund experienced a return of -1.05%. The benchmark for the Fund (FTSE Canada 91 Day T-bill Index) returned 0.64% 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 this report.

North American equity markets experienced elevated volatility during the first half of 2025, driven mainly by uncertainty around US policy changes and geopolitical risks. Despite the elevated volatility, almost all major indices finished the period with positive performance: S&P/TSX SmallCap Index (+12.7%); S&P/TSX Composite Index (+10.2%); S&P 500 (+6.2%); NASDAQ (+5.9%); Dow Jones (+4.5%); Russell 2000 (-1.8%). Canadian indices led the way with notable outperformance on the back of strength in the price of gold and other precious metals. More generally, equity markets were supported by optimism around the potential for trade deals and economic resilience despite many US tariff announcements.

After selling off to end 2024, North American equity markets were strong in January with the Dow Jones and the TSX leading the way. In February, equity markets were weak with elevated volatility following the US presidential inauguration. During March, the volatility continued with US indices underperforming Canadian indices partly driven by strength in the gold sector. During the first quarter, the Bank of Canada cut their respective interest rate by 0.50% while the US Fed left their interest rate unchanged. Throughout the quarter, the labour market in both Canada and the US continued to slow, with employment data coming in weaker than expectations. Inflation data remained hot during the quarter, but March CPI data in both Canada and the US was cooler than expected.

North American equity markets were strong during the second quarter, despite significant volatility. April began with a sharp sell-off due to US tariff announcements, but equity markets quickly bounced, with broad strength for the remainder of the quarter despite tariff policy uncertainty and geopolitical risks, supported by optimism around the potential for trade deals and a strong earnings season. During the quarter, the Bank of Canada and the US Fed each held two meetings, both electing to leave their respective interest rates unchanged. Employment data released during the quarter showed a weakening labour market in Canada while the US showed resilience.

The PCJ Focused Opportunities Fund’s performance was slightly positive for the period spanning between the fund’s launch date (March 31, 2025) and June 30, 2025.

Notable contributions during the period came from the Health Care and Financials sectors. Within Health Care, a long position in Chartwell Retirement Residences contributed, outperforming offsetting short positions. Within Financials, long positions in Fairfax Financial Holdings Ltd. and Capital One Financial Corp. both contributed, partially offset by other positions within the sector.

The most notable detractions came from the Real Estate sector and the portfolio’s index shorts in a rising market. Within Real Estate, a long position in Dream Unlimited Corp. and a short position in a real estate services company both detracted, partially offset by other positions within the sector.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

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 period ended June 30, 2025 the Fund's aggregate exposure to leverage ranged from 35.8% to 42.7% of the Fund's NAV. The aggregate exposure range to leverage was within the expected range as outlined in the simplified prospectus. As at June 30, 2025, the Fund's aggregate exposure was 41.8% of the Fund's NAV. The primary sources of leverage were short positions in equity securities and cash borrowing.

A component of the Fund's leverage is cash borrowing. Such facilities are repayable on demand. During the period ended June 30, 2025, the Fund's range of cash borrowing was \$Nil to \$15,443. As at June 30, 2025, cash borrowing represented 0.0% of the Fund's NAV.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Recent Developments

The initial period of President Trump's second term continues to be eventful with tariff threats and geo-political objectives. It remains to be seen how the affected countries will respond to the tariffs and what the impact on global trade will be. This uncertainty initially led to market volatility and a sharp sell-off in equity markets, which have now recovered. Notably, during this recent period, the US Dollar has been weak compared to other currencies and the gold price has been strong. In the US, the "One Big Beautiful Bill Act" has been signed into law and we will continue to monitor further developments.

The portfolio's gross leverage and net length increased during the period. The portfolio has biases towards names benefitting from infrastructure spending, names exposed to the aerospace capex cycle and a number of special situations.

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, PCJ Investment Counsel Ltd. (PCJ), 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, PCJ Investment Counsel Ltd. (PCJ), 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 and performance fees with respect to the day-to-day business and operations of the Fund as described in the section entitled “Management and Performance 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 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 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations:	
Total revenues	0.05
Total expenses	(0.13)
Realized gains (losses) for the period	(0.18)
Unrealized gains (losses) for the period	0.16
Total increase (decrease) from operations ⁽¹⁾	(0.10)
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions ⁽²⁾	-
Net assets at June 30	\$9.90
Series A inception date: March 31, 2025	

Series F	JUN 30, 25 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations:	
Total revenues	0.05
Total expenses	(0.11)
Realized gains (losses) for the period	(0.15)
Unrealized gains (losses) for the period	0.22
Total increase (decrease) from operations ⁽¹⁾	0.01
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions ⁽²⁾	-
Net assets at June 30	\$9.92
Series F inception date: March 31, 2025	

(1) 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.

(2) For the period from March 31, 2025 (date of commencement of operations) to June 30, 2025.

FINANCIAL HIGHLIGHTS

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

Series I	JUN 30, 25 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations:	
Total revenues	0.05
Total expenses	(0.07)
Realized gains (losses) for the period	(0.18)
Unrealized gains (losses) for the period	0.15
Total increase (decrease) from operations ⁽¹⁾	(0.05)
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions ⁽²⁾	-
Net assets at June 30	\$9.95

Series I inception date: March 31, 2025

(1) 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.

(2) For the period from March 31, 2025 (date of commencement of operations) to June 30, 2025.

FINANCIAL HIGHLIGHTS

Ratios & Supplemental Data:

Series A	JUN 30, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$49
Number of units outstanding ⁽¹⁾	5,000
Management expense ratio ⁽²⁾	4.95%
Management expense ratio before waivers or absorption ⁽³⁾	4.95%
Portfolio turnover rate ⁽⁴⁾	173.78%
Trading expense ratio ⁽⁵⁾	0.31%
Net asset value per unit	\$9.90

Series A inception date: March 31, 2025

Series F	JUN 30, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$105
Number of units outstanding ⁽¹⁾	10,589
Management expense ratio ⁽²⁾	4.31%
Management expense ratio before waivers or absorption ⁽³⁾	4.31%
Portfolio turnover rate ⁽⁴⁾	173.78%
Trading expense ratio ⁽⁵⁾	0.31%
Net asset value per unit	\$9.92

Series F inception date: March 31, 2025

Series I	JUN 30, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$4,378
Number of units outstanding ⁽¹⁾	440,000
Management expense ratio ⁽²⁾	2.69%
Management expense ratio before waivers or absorption ⁽³⁾	2.69%
Portfolio turnover rate ⁽⁴⁾	173.78%
Trading expense ratio ⁽⁵⁾	0.31%
Net asset value per unit	\$9.95

Series I inception date: March 31, 2025

(1) This information is provided as at June 30.

(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 or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated 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.

(6) As at June 30, 2025 for the period from March 31, 2025 (date of commencement of operations).

MANAGEMENT AND PERFORMANCE 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 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.

	Annual Rates	Dealer Compensation	<u>As a percentage of management fees</u> Investment advice, administration and profit
Series A	2.00%	50.00%	50.00%
Series F	1.00%	0.00%	100.00%
Series I	0.00%	0.00%	0.00%

Performance Fees

The Fund may pay a quarterly performance fee to the portfolio manager, PCJ, calculated and accrued daily. The performance fee is based on the performance of a Series of the Fund relative to the performance of the Fund's hurdle and is equal to 20% of the amount by which the Fund outperforms the hurdle. The performance fee is applicable to the 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. The hurdle rate for Series A and F units of the Fund is 2.0% per annum.

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.

Portfolio Allocation				% of Net Asset Value			
	Long	Short	Net		Long	Short	Net
Short-term investments	46.1	-	46.1	Communication services	-	(0.8)	(0.8)
Canadian equities	65.6	(12.2)	53.4	Consumer discretionary	2.0	(1.0)	1.0
U.S. equities	4.6	(11.4)	(6.8)	Consumer staples	7.2	(0.9)	6.3
Foreign equities	19.0	(0.3)	18.7	Energy	11.8	(4.3)	7.5
Exchange-traded funds	-	(18.0)	(18.0)	Financials	12.4	(4.8)	7.6
Other assets less liabilities	6.6	-	6.6	Health care	11.7	-	11.7
	141.9	(41.9)	100.0	Industrials	18.1	(6.0)	12.1
				Information technology	5.1	(0.4)	4.7
				Materials	10.8	(4.2)	6.6
				Real estate	7.6	(1.5)	6.1
				Utilities	2.5	-	2.5
				Short-term investments	46.1	-	46.1
				Exchange-traded funds	-	(18.0)	(18.0)
				Other assets less liabilities	6.6	-	6.6
					141.9	(41.9)	100.0
Net Currency Exposure				% of Net Asset Value			
Canadian dollar			93.9				
U.S. dollar			6.1				
			100.0				
Bonds by Credit Rating*				% of Net Asset Value			
AAA			46.1				
			46.1				

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.

* - Credit ratings are determined from a composite of bond rating services such as Standard & Poor's, Moody's and Dominion Bond Rating Services.