



PCJ Focused Opportunities Fund

Management Report of Fund Performance

For the period ended December 31, 2025

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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Investment Objectives – The PCJ Focused Opportunities Fund seeks to provide long term capital appreciation and attractive risk adjusted returns over the long term by actively investing in a portfolio of equity securities and derivatives contracts and by employing equity long short strategies.

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

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

Investment Strategies – The Manager has retained PCJ as portfolio manager, with full authority and responsibility, to invest the assets of the Fund. PCJ was established in 1996 and has experience in managing alternative investment strategies. PCJ and the Manager are part of CC&LFG.

The portfolio manager strives to achieve the Fund's objective primarily by investing in Canadian and U.S. equity securities listed on recognized Canadian and U.S. exchanges. Investments by the Fund in rights, warrants, income oriented equity securities, debt instruments, convertible securities, ETFs, futures contracts, swap contracts, forward contracts, currencies, preferred stocks, and over-the-counter options and derivatives instruments are also permitted.

On average, over time, the portfolio manager anticipates the Fund's net equity market exposure (aggregate value of long positions less the aggregate value of short positions) will generally be 35% to 100% of the Fund's invested capital.

The Fund will engage in short selling, cash borrowing and use derivatives as described below. The Fund's use of leverage will at all times be in accordance with the prescribed rules set out in NI 81-102.

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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Risk

From the Fund's inception date on March 31, 2025 to December 31, 2025, 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

As at December 31, 2025, PCJ Focused Opportunities Fund (the “Fund”) held \$5.2 million in total net assets. North American equity markets were positive in 2025 with Canada outperforming the US, rebounding from early-year volatility and finishing strong as monetary policy shifted toward easing. The year began with elevated interest rates, lingering geopolitical uncertainty, and mixed economic and labour market data. As financial conditions improved and interest rates were cut, equity markets advanced throughout the year.

Equity markets were mixed in the first quarter, posting strong gains in January before volatility increased in February and March. Canadian indices outperformed towards the end, supported by strength in gold prices. The Bank of Canada cut its policy rate in January while the US Federal Reserve held their rate unchanged. The labour market in both Canada and the US slowed, with employment data coming in weaker than expectations.

Equity markets faced a large sell-off in April which rebounded in May and June, supported by optimism around potential trade agreements, moderating inflation data, and resilient employment trends. During the quarter, the Bank of Canada and the US Federal Reserve each held multiple meetings, both leaving their respective policy rates unchanged.

North American equity markets were strong in the third quarter, driven by growing expectations for monetary easing and subsequent interest rate cuts. In September, both the US Federal Reserve and the Bank of Canada cut their policy rates by 0.25%, marking an important shift in monetary policy as the first cut for the US since December of 2024. Labour market data softened in both regions during the summer months, though this was viewed by markets as supportive of further easing rather than a sign of economic deterioration.

The fourth quarter showed signs of slowing economic momentum and moderating inflation, which contributed to periods of market volatility. Despite this, equity markets remained well supported and ended the year near recent highs. Precious metals continued to outperform, a trend many commentators attributed to waning confidence in fiat currencies such as the US dollar, alongside a shifting interest-rate environment.

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

Notable contributions during the period came from the Industrials and Health Care sectors. Within Industrials, long positions in Black Diamond Group and Brookfield Business Partners both contributed, partially offset by other positions within the sector. Within Health Care, long positions in Chartwell Retirement Residences and Dentalcorp Holdings Ltd. both contributed.

The most notable detractions came from the Information Technology sector and the portfolio’s index shorts in a rising market. Within Information Technology, long positions in Constellation Software Inc. and Dye & Durham Ltd. both detracted.

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 December 31, 2025 the Fund's aggregate exposure to leverage ranged from 31.3% 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 December 31, 2025, the Fund's aggregate exposure was 35.8% 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 December 31, 2025, the Fund's range of cash borrowing was \$Nil to \$91,211. As at December 31, 2025, cash borrowing represented 0.0% of the Fund's NAV.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Recent Developments

Looking ahead, markets remain sensitive to ongoing uncertainty in trade policy and US fiscal negotiations, leaving investor sentiment responsive to further developments. While equity markets have shown resilience following earlier volatility, gold may remain supported amid persistent macro and geopolitical risks. We will continue to monitor several geopolitical developments for potential implications on market sentiment and related sector performance.

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, an aging population theme, and a few 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, , 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 December 31, 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, calculated based on the net asset value of each respective series of units of the Fund, as described in the section entitled “Management and Performance Fees”. As portfolio manager, PCJ may receive a quarterly incentive fee, 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 December 31, 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 audited annual financial statements.

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

Series A	DEC 31, 25 ⁽²⁾
Net Assets, beginning of period ⁽¹⁾	\$10.00
Increase (decrease) from operations:	
Total revenues	0.57
Total expenses	(0.55)
Realized gains (losses) for the period	0.28
Unrealized gains (losses) for the period	0.63
Total increase (decrease) from operations ⁽²⁾	0.93
Distributions:	
From net investment income (excluding dividends)	-
From dividends	(0.12)
From capital gains	(0.45)
Return of capital	(0.04)
Total distributions ^(2,3)	(0.61)
Net assets at December 31 ^(1,2)	\$10.09
Series A inception date: March 31, 2025	

Series F	DEC 31, 25 ⁽²⁾
Net Assets, beginning of period ⁽¹⁾	\$10.00
Increase (decrease) from operations:	
Total revenues	0.60
Total expenses	(0.52)
Realized gains (losses) for the period	0.27
Unrealized gains (losses) for the period	0.71
Total increase (decrease) from operations ⁽²⁾	1.06
Distributions:	
From net investment income (excluding dividends)	-
From dividends	(0.05)
From capital gains	(0.15)
Return of capital	(0.01)
Total distributions ^(2,3)	(0.21)
Net assets at December 31 ^(1,2)	\$10.53
Series F inception date: March 31, 2025	

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

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not meant to be a reconciliation of beginning to ending net assets per share.

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

(4) For the period from March 31, 2025 (date of commencement of operations) to December 31, 2025.

FINANCIAL HIGHLIGHTS

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

Series I	DEC 31, 25 ⁽²⁾
Net Assets, beginning of period ⁽¹⁾	\$10.00
Increase (decrease) from operations:	
Total revenues	0.48
Total expenses	(0.22)
Realized gains (losses) for the period	0.02
Unrealized gains (losses) for the period	0.64
Total increase (decrease) from operations ⁽²⁾	0.92
Distributions:	
From net investment income (excluding dividends)	-
From dividends	(0.14)
From capital gains	(0.27)
Return of capital	(0.04)
Total distributions	(0.45)
Net assets at December 31 ^(1,2)	\$10.48

Series I inception date: March 31, 2025

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

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not meant to be a reconciliation of beginning to ending net assets per share.

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

(4) For the period from March 31, 2025 (date of commencement of operations) to December 31, 2025.

FINANCIAL HIGHLIGHTS

Ratios & Supplemental Data:

Series A	DEC 31, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$132
Number of units outstanding ⁽¹⁾	13,121
Management expense ratio ⁽²⁾	4.90%
Management expense ratio before waivers or absorption ⁽³⁾	4.90%
Portfolio turnover rate ⁽⁴⁾	101.55%
Trading expense ratio ⁽⁵⁾	0.98%
Net asset value per unit	\$10.09

Series A inception date: March 31, 2025

Series F	DEC 31, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$228
Number of units outstanding ⁽¹⁾	21,623
Management expense ratio ⁽²⁾	4.36%
Management expense ratio before waivers or absorption ⁽³⁾	4.36%
Portfolio turnover rate ⁽⁴⁾	101.55%
Trading expense ratio ⁽⁵⁾	0.98%
Net asset value per unit	\$10.53

Series F inception date: March 31, 2025

Series I	DEC 31, 25 ⁽⁶⁾
Total net asset value (000s) ⁽¹⁾	\$4,804
Number of units outstanding ⁽¹⁾	458,584
Management expense ratio ⁽²⁾	1.94%
Management expense ratio before waivers or absorption ⁽³⁾	1.94%
Portfolio turnover rate ⁽⁴⁾	101.55%
Trading expense ratio ⁽⁵⁾	0.98%
Net asset value per unit	\$10.48

Series I inception date: March 31, 2025

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

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

(3) The Manager of the Fund, CC&L Funds Inc., may waive 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 December 31, 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.

	As a percentage of management fees		
	Annual Rates	Dealer Compensation	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.

PAST PERFORMANCE

The Fund was established March 31, 2025. As per National Instrument 81-102 - Mutual Funds, performance information will be made available in the Fund's interim management report of fund performance once the Fund has been in operation for at least 12 consecutive months.

SUMMARY OF INVESTMENT PORTFOLIO

Below is a breakdown of the Fund's investment holdings as at December 31, 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.

Top 25 Investments - Long		% of Net Asset Value	Top 25 Investments - Short		% of Net Asset Value
1	Premium Brands Holdings Corporation	8.8	1	iShares S&P/TSX Capped Energy Index ETF	(6.1)
2	CRH PLC	8.2	2	Martin Marietta Materials	(3.0)
3	CAE Inc.	6.8	3	Vulcan Materials Co	(2.8)
4	Chartwell Retirement Residences	6.8	4	iShares MSCI USA Momentum Factor ETF	(2.7)
5	Black Diamond Group	4.5	5	Invesco QQQ Trust Series 1	(2.4)
6	Brookfield Business Partners	4.3	6	IGM Financial Inc.	(2.3)
7	Extencicare Inc	4.0	7	State Street Industrial Select	(1.6)
8	Brookfield Corp	4.0	8	iShares Russell 2000 ETF	(1.6)
9	Boyd Group Services Inc	3.8	9	State Street SPDR S&P Retail E	(1.5)
10	Constellation Software Inc.	3.6	10	Richelieu Hardware Ltd.	(1.0)
11	Carvana Co	3.3	11	Union Pacific	(1.0)
12	Advantage Energy Ltd	3.1	12	Ishares Trust Dow Jones US Real Estate	(0.9)
13	Keyera Corp.	3.0	13	Ishares U.S. Consumer Staples	(0.8)
14	Fairfax Financial Holdings Ltd.	3.0	14	Canadian Tire Corp. Ltd. Class A	(0.8)
15	CGI Inc	3.0	15	Advanced Drainage Systems In	(0.8)
16	ADENTRA Inc	2.9	16	Copart Inc	(0.7)
17	RB Global Inc	2.8	17	Fiera Capital Corp.	(0.5)
18	Tourmaline Oil Corp.	2.6	18	Saputo Group Inc.	(0.5)
19	Capital One Financial Corp.	2.6	19	Riocan REIT Units	(0.5)
20	Enerflex Ltd.	2.5	20	Marsh & McLennan	(0.5)
21	European Residential REIT	2.5	21	State Street SPDR S&P Homebuil	(0.5)
22	Brookfield Infrastructure Partners LP	2.3	22	Canada Packers Inc	(0.4)
23	TerraVest Industries Inc	2.0	23	Amentum Holdings Inc	(0.4)
24	Alaris Equity Partners Income Trust	2.0	24	Toromont Industries Ltd.	(0.4)
25	Kraken Robotics Inc	1.2	25	EQB Inc	(0.4)
Top long positions as a percentage of total net asset value		93.6	Top short positions as a percentage of total net asset value		(34.1)

Portfolio Allocation	% of Net Asset Value		
	Long	Short	Net
Short-term investments	31.9	-	31.9
Canadian equities	75.4	(7.5)	67.9
U.S. equities	6.9	(10.0)	(3.1)
Foreign equities	16.0	-	16.0
Exchange-traded funds	-	(18.3)	(18.3)
Other assets less liabilities	5.6	-	5.6
	135.8	(35.8)	100.0

Net Currency Exposure	% of Net Asset Value		
	Long	Short	Net
Canadian dollar			94.3
U.S. dollar			5.7
			100.0

Bonds by Credit Rating*	% of Net Asset Value		
	Long	Short	Net
AAA			31.9
			31.9

Sector Allocation	% of Net Asset Value		
	Long	Short	Net
Communication services	-	-	-
Consumer discretionary	3.4	(1.8)	1.6
Consumer staples	8.9	(1.0)	7.9
Energy	14.2	-	14.2
Financials	11.6	(3.9)	7.7
Health care	11.9	-	11.9
Industrials	26.3	(4.3)	22.0
Information technology	7.8	(0.2)	7.6
Materials	9.4	(5.8)	3.6
Real estate	2.5	(0.5)	2.0
Utilities	2.3	-	2.3
Short-term investments	31.9	-	31.9
Exchange-traded funds	-	(18.3)	(18.3)
Other assets less liabilities	5.6	-	5.6
	135.8	(35.8)	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.

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