

Lincluden Balanced Fund



Annual Management Report of Fund Performance For the year ended December 31, 2024

Dear Investor,

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You may receive a copy of the annual financial statements, at your request, and at no cost, by calling 905-273-4240 (1-844-373-4240), by writing to us at Lincluden Investment Management Limited, 201 City Centre Drive, Suite 201, Mississauga, Ontario, L5B 2T4, email info@lincluden.net or by visiting our website at www.lincluden.com or SEDAR+ at www.sedarplus.com.

You may request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by contacting us using one of the methods offered above.

*Lincluden Investment Management Limited
Manager of the Lincluden Balanced Fund*

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Lincluden Balanced Fund (the "Fund") is to create long-term wealth for the Fund's investors using value-based, risk managed disciplines. Success at achieving the Fund's objective requires disciplined asset allocation and security selection approaches.

The development of tactical asset mix policy is an approach that has balanced inputs. It reflects a marrying of top down with bottom up inputs. We consider the valuation of equity markets relative to a risk-free rate; which for purposes of the valuation represents long term Government of Canada bond yields. We give consideration to inflation and corporate profitability and the valuation of the bond market itself in this process.

Equally important in final asset allocation policy, and particularly so in the allocation of equities between Canadian equities and foreign equities, is the opportunity set of attractively priced equities that we are identifying on a global basis.

Our portfolio managers screen a broad universe of Canadian, U.S. and international stocks in our ongoing search for undervalued securities. Investment decisions are based on a thorough financial assessment of corporations and their management teams to identify securities that are trading at a substantial discount to our appraisal of their fair value.

Our fixed income portfolios are structured to achieve the most efficient combination of duration, credit, yield curve and foreign exposure from a long-term, risk-reward perspective.

In searching for the best value opportunities in fixed income markets, we consider both domestic and foreign securities. When we find better value opportunities in foreign markets, our preference is to eliminate foreign exchange risk through the use of hedging.

Risk

Risk ratings have been determined separately for each class of units of the Fund and are disclosed in the Fund Facts and the Fund's Simplified Prospectus. The investment risk level of the Fund is reviewed on an annual basis, or whenever there is a material change to the Fund. More methodology information can be found in the Fund's Simplified Prospectus. As a result of employing the revised methodology and conducting the regular annual review, no changes were made to the risk ratings for all classes of units, for which the risk rating was maintained as "Low to Medium". There have been no changes to the investment objectives or strategies of the Fund.

Results of Operations

With regard to bonds, shorter dated bond yields moved lower while longer dated bonds moved higher during the year as the pace of interest rate cuts by central banks is expected to decline in 2025. In addition, Trump's victory in the U.S. election has rattled financial markets as the threat of increased tariffs along with more stimulative economic policies could impact global economic activity. The Bank of Canada lowered interest rates by 175 bp during the year with the overnight rate now sitting at 3.25%. This level represents the upper band of the central bank's neutral range, which is between 2.25% and 3.25%. The U.S. Federal Reserve cut rates by 100 bp during the year, but indicated the pace could slow in 2025 as inflation remains sticky. Financial markets are anticipating two interest rate cuts by the Fed in 2026. Economic conditions in North America remain fairly strong considering the magnitude of interest rate hikes that has occurred prior to 2024. Economic growth is still increasing at a somewhat healthy pace, particularly in the U.S., where third quarter GDP came in at 3.1%. Canadian GDP has not been as strong but it is still exhibiting modest growth on a monthly basis. The Trump victory in the U.S. election will no doubt have an impact on global markets in 2025. Trump has threatened stiff tariffs on goods entering the U.S. from Canada, Mexico and China. If these measures are implemented, it could negatively impact global growth as well as add to inflationary pressures. Equity markets appreciated during the year as global indices continued their rally from the previous year. The U.S. market was once again the top performer followed closely by the Canadian market, while the EAFE index also posted gains.

For the year, the Fund posted a double-digit return but lagged its benchmark. The bond portfolio underperformed its benchmark. Equities increased significantly with Global equities providing a greater than 20% return. Canadian also increased substantially but lagged their benchmark. The market continues to be heavily influenced by a narrow group of stocks benefitting from the build-out of Artificial Intelligence infrastructure and the needed power to run the infrastructure.

The Canadian equity segment performance was broad-based with only Communication Services declining over the period. The best-performing sectors included Financials, Real Estate and Energy. The significant increase in the share price of holdings such as Brookfield Corp., Royal Bank of Canada, TC Energy Corp. and Canadian Imperial Bank of Commerce bolstered portfolio performance. This offset declines in BCE Inc., Boyd Group Services Inc. and Magna International.

Returns were very strong in the Global equity segment. Returns across Information Technology, Communication Services and Financials offset an overall decline in the Healthcare segment. Holdings such as Walmart Inc., SAP SE, Corning Inc. and Oracle added significant value to the portfolio. This more than offset disappointing results from Walgreens Boots Alliance, Dollar General Corp. and Reckitt Benkiser over the period. The MSCI World index performed even better over the period, primarily due to its higher weighting in the famed 'magnificent 7' stocks that have had a disproportionate impact on the index over the past 2 years.

Recent Developments

The bond portfolio underperformed its benchmark during the year. The U.S. Treasury position was the major contributor to relative performance as their spread to Government of Canada bonds widened during the period. Secondary contributors included the overweight position in corporate bonds, which helped performance as the spread between corporate bonds and Government of Canada bonds tightened during the period, while yield curve positioning was negative for performance as the yield curve steepened during the period. The portfolio is positioned for a flattening of the yield curve. The duration position had a negative impact as the portfolio was longer than the benchmark during the period as interest rates were generally higher.

Asset mix is targeted slightly below long-term policy weight with total equities at 57.5%, compared to the long-term target of 60%. Fixed income continues to be managed to the target weight of 40%.

In the Canadian equity portfolio, new positions were established in Badger Infrastructure Solutions, Finning International Inc., Hammond Power Solutions Inc. and Park Lawn Corp throughout the year. Badger Infrastructure is a market leader in hydro-vac services with a fleet of more than 1,500 trucks across North America. Hydro vac utilizes mobile equipment that uses high-pressure water to cut and liquefy soil, while simultaneously using high-volume vacuum to remove the soil from the site. With the significant need to repair aging, underground infrastructure in North America the company is well-positioned to benefit from the high demand for its services as it continues to expand its fleet of trucks. Finning International is the world's largest Caterpillar dealer and sells, rents and provides parts and services for equipment to customers in various geographies including Western & Northern Canada, the UK & Ireland and South America. The company should benefit from continued demand for its services from customers in the energy and mining sector as commodity prices are favourable. Hammond Power Solution is a leading designer and manufacturer of electrical transformers. The build-out of data center infrastructure and the transition to more environmentally friendly energy sources will continue to drive demand for their products. Park Lawn Corporation owns a collection of cemeteries, funeral homes and offers death-care related services across North America. Shares of the company had been under pressure and reached a level where valuation was attractive as volumes normalized and the company further consolidated the fragmented industry in North America.

As a result of takeover offers shares of Park Lawn Corp. and Tricon Residential Inc. were eliminated from the portfolio which helped to fund the changes noted above.

In the Foreign equity portfolio, one new position was added during the period, Amadeus IT Group, as well as significant additions were made to Pfizer Inc. and Siemens AG. To help fund this and after reviewing new information, Dollar General, Reckitt Benckiser and Vodafone Group were eliminated.

Amadeus is a Spanish-domiciled leading provider of technology solutions to the travel industry with revenue linked to the volume of global travel. It connects key participants - travel buyers, travel sellers, travel providers – across the travel and tourism industry. The company benefits from the high switching costs their customers face as well as a network effect as they connect more and more organizations in a highly complex market. These competitive advantages help the company earn above-average returns which are still improving from the disruption of the COVID-19 pandemic. With the shares trading below our view of intrinsic value they were added to the portfolio

Related Party Transactions

Lincluden Investment Management Limited (“Lincluden”) is the Trustee, Portfolio Advisor and Manager of the Fund and receives a fee for the services the firm provides as Portfolio Advisor. Lincluden pays commissions to investment dealers who transact in buy and sell activity in the Fund’s investments at a rate that is reflective of the general service provided to Lincluden by the dealer. Lincluden provides, or arranges for the provision of, all general management and administrative services required by the Fund in its day to day operations.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Lincluden Balanced Fund and are intended to help you understand the Fund’s financial performance for the past 5 financial years. This information is derived from the Fund’s audited annual financial statements.

Net Assets per Unit– Series A					
	2024	2023	2022	2021	2020
Net Assets, beginning of year ^{1,2}	\$17.36	\$16.34	\$17.98	\$15.81	\$14.93
Increase (decrease) from operations:					
Total revenue	\$0.59	\$0.49	\$0.48	\$0.42	\$0.42
Total expenses	\$(0.39)	\$(0.38)	\$(0.39)	\$(0.38)	\$(0.33)
Realized gains (losses) for the period	\$0.15	\$0.31	\$0.87	\$1.20	\$0.52
Unrealized gains (losses) for the period	\$0.75	\$0.77	\$(1.65)	\$1.18	\$0.26
Total increase (decrease) from operations ¹	\$1.10	\$1.19	\$(0.69)	\$2.42	\$0.87
Distributions:					
From income (excluding dividends)	\$0.17	\$0.07	\$0.06	\$0.03	\$0.05

From dividends	\$0.09	\$0.04	\$0.03	\$0.02	\$0.05
From capital gains	-	\$0.08	\$0.87	\$0.05	-
Return of capital	-	-	-	-	-
Total annual distributions ^{3,4}	\$0.26	\$0.19	\$0.96	\$0.10	\$0.10
Net Assets, end of period ^{1, 2, 5}	\$18.82	\$17.36	\$16.34	\$17.98	\$15.81

Net Assets per Unit– Series F (Series F units established December 8, 2017)					
	2024	2023	2022	2021	2020
Net Assets, beginning of year ^{1,2}	\$17.02	\$16.02	\$17.54	\$16.17	\$15.62
Increase (decrease) from operations:					
Total revenue	\$0.56	\$0.48	\$0.47	\$0.43	\$0.44
Total expenses	\$(0.09)	\$(0.09)	\$(0.09)	\$(0.09)	\$(0.09)
Realized gains (losses) for the period	\$0.28	\$0.27	\$0.85	\$1.22	\$0.56
Unrealized gains (losses) for the period	\$1.23	\$0.84	\$(1.62)	\$1.07	\$0.26
Total increase (decrease) from operations ¹	\$1.98	\$1.50	\$(0.39)	\$2.63	\$1.17
Distributions:					
From income (excluding dividends)	\$0.32	\$0.24	\$0.25	\$0.20	\$0.20
From dividends	\$0.15	\$0.15	\$0.13	\$0.13	\$0.17
From capital gains	-	\$0.07	\$0.76	\$0.92	\$0.35
Return of capital	-	-	-	-	-
Total annual distributions ^{3,4}	\$0.47	\$0.46	\$1.14	\$1.25	\$0.72
Net Assets, end of period ^{1, 2, 5}	\$18.53	\$17.02	\$16.02	\$17.54	\$16.17

Net Assets per Unit – Series O					
	2024	2023	2022	2021	2020
Net Assets, beginning of year ^{1,2}	\$16.95	\$15.98	\$17.57	\$16.37	\$15.90
Increase (decrease) from operations:					
Total revenue	\$0.56	\$0.49	\$0.48	\$0.43	\$0.45
Total expenses	\$(0.04)	\$(0.05)	\$(0.05)	\$(0.04)	\$(0.04)
Realized gains (losses) for the period	\$0.29	\$0.29	\$0.85	\$1.27	\$0.56
Unrealized gains (losses) for the period	\$1.26	\$0.79	\$(1.63)	\$1.04	\$0.34
Total increase (decrease) from operations ¹	\$2.07	\$1.52	\$(0.35)	\$2.70	\$1.31
Distributions:					
From income (excluding dividends)	\$0.35	\$0.27	\$0.28	\$0.24	\$0.23
From dividends	\$0.17	\$0.16	\$0.15	\$0.15	\$0.19
From capital gains	-	\$0.11	\$0.83	\$1.13	\$0.43
Return of capital	-	-	-	-	-
Total annual distributions ^{3,4}	\$0.52	\$0.54	\$1.26	\$1.52	\$0.85
Net Assets, end of period ^{1, 2, 5}	\$18.45	\$16.95	\$15.98	\$17.57	\$16.37

¹Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted number of units outstanding over the financial period.

² Information is in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

³Distributions were reinvested in additional units of the Fund.

⁴The Fund's prospectus provides that, "Each calendar year, the Fund distributes net income and net realized capital gains to Unitholders of the Fund to the extent necessary to ensure the Fund does not pay ordinary income tax. Distributions of income may be made periodically throughout the year on a schedule to be determined by the Manager. Distributions of capital gains are normally made in December of each year. At a minimum, the Fund will effect a distribution on the last business day of the year. Distributions from the Fund will be automatically reinvested in Units of the Fund." Currently net income is distributed on a quarterly basis and net capital gains during the month of December.

⁵The financial highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Ratios and Supplemental Data – Series A					
	2024	2023	2022	2021	2020
Total net asset value (\$) (000s)	\$10,446	\$523	\$531	\$579	\$546
Number of units outstanding	555,121	30,109	32,531	32,207	34,534
Management expense ratio (%) ¹	2.11%	2.08%	2.08%	2.08%	2.10%
Management expense ratio before absorptions (%) ¹	2.22%	2.08%	2.08%	2.08%	2.10%
Portfolio turnover rate (%) ²	14.83%	45.79%	30.31%	33.93%	42.49%
Trading expense ratio (%) ³	0.02%	0.03%	0.03%	0.04%	0.05%
Net asset value per unit	\$18.82	\$17.36	\$16.34	\$17.98	\$15.81

Ratios and Supplemental Data – Series F (Series F units established Dec 8, 2017)					
	2024	2023	2022	2021	2020
Total net asset value (\$) (000s)	\$68,921	\$58,504	\$48,502	\$53,622	\$48,009
Number of units outstanding	3,719,083	3,436,740	3,028,488	3,056,372	2,968,867
Management expense ratio (%) ¹	0.44%	0.38%	0.39%	0.38%	0.40%
Management expense ratio before absorptions (%) ¹	0.55%	0.38%	0.39%	0.38%	0.40%
Portfolio turnover rate (%) ²	14.83%	45.79%	30.31%	33.93%	42.49%
Trading expense ratio (%) ³	0.02%	0.03%	0.03%	0.04%	0.05%
Net asset value per unit	\$18.53	\$17.02	\$16.02	\$17.54	\$16.17

Ratios and Supplemental Data – Series O					
	2024	2023	2022	2021	2020
Total net asset value (\$) (000s)	\$21,528	\$28,920	\$28,031	\$30,461	\$26,435
Number of units outstanding	1,166,674	1,706,408	1,754,611	1,733,534	1,614,461
Management expense ratio (%) ¹	0.16%	0.10%	0.11%	0.10%	0.12%
Management expense ratio before absorptions (%) ¹	0.27%	0.10%	0.11%	0.10%	0.12%
Portfolio turnover rate (%) ²	14.83%	45.79%	30.31%	33.93%	42.49%
Trading expense ratio (%) ³	0.02%	0.03%	0.03%	0.04%	0.05%
Net asset value per unit	\$18.45	\$16.95	\$15.98	\$17.57	\$16.37

¹ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It assumes the maximum management fee allowed for in the Fund's Simplified Prospectus.

² 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 gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees & Dealer Compensation

Series A

Lincluden is entitled to an annual management fee from the series A units of the Fund of 1.75%. A lower fee of 1.25% may apply to larger account balances in the form of a management fee rebate. The management fee for the series A units of the Fund is based on the average daily net asset value of the series A units of the Fund and is payable monthly, in arrears.

To assist with distribution, administration and other client services, Lincluden pays dealers a trailer fee out of the management fees received. The trailer fee is a percentage of the total NAV per unit of all Class A units held by each dealer's clients. For the year ended December 31, 2024, approximately 51% of the management fees paid to Lincluden for Series A units were used to fund commissions to dealers.

Series F

Lincluden is entitled to an annual management fee from the series F units of the Fund of 0.25%. The management fee for the series F units of the Fund is based on the average daily net asset value of the series F units of the Fund and is payable monthly, in arrears.

Series F units are available only to investors who participate in a qualifying fee-based program with pre-qualified representatives. Minimum investments may apply.

Series O

The Fund pays no management fees to Lincluden. For management services provided by Lincluden, in its role of portfolio advisor to the Fund, the Fund's Series O investors will pay a management fee directly to Lincluden.

The maximum annual management fee before GST/HST (expressed as a percentage of assets under management by Lincluden) payable to Lincluden is 1.75%. A lower fee may apply to larger account balances.

The management fee payable is calculated and accrued on the last valuation date of each month, based on the value of the investor's units on that date, and is payable on the last valuation date in each month. Payment of the investment management fee is generally effected by redemption of units held by the investor in the Fund in the amount of the applicable management fee.

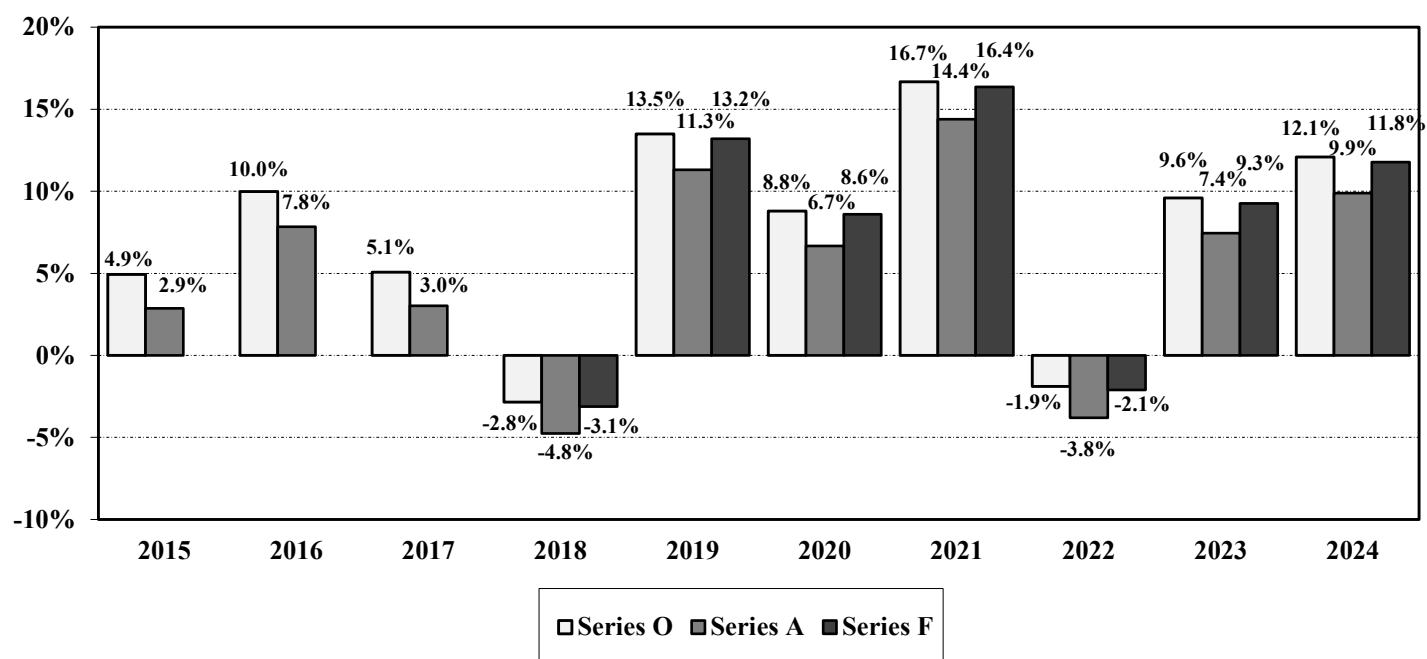
PAST PERFORMANCE

The performance information shown below assumes that all distributions made by the Fund were reinvested in additional units of the Fund. It does not take into account sales, redemption, distributions, optional charges or income taxes payable that, if applicable, would have reduced returns or performance.

The return on mutual funds is not guaranteed. How the Fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's annual performance for each of the periods shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment in the Fund held on the last day of the prior period would have grown or decreased by the last day of each period.



Annual Compound Returns

The following table compares the historical annual compound total return of each series of the Fund with a broad-based index, the S&P/TSX Composite Total Return Index. This index is the capitalization-weighted index measuring the performance of selected securities listed on the Toronto Stock Exchange, including the reinvestment of dividends.

The returns of each series may vary because of differences in management fees and expenses. The broad-based index returns do not include any costs of investing.

Lincluden Balanced Fund	10 years	5 years	3 Years	1 Year
Series A	5.3%	6.7%	4.3%	9.9%
Series F	N/A	8.6%	6.1%	11.8%
Series O	7.4%	8.9%	6.4%	12.1%
Broad-Based Index	7.4%	8.4%	6.6%	16.7%

SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2024

Sector Mix	% of Fund's Net Asset Value	
Fixed Income	39.30%	
Canadian	37.80%	
Federal		9.20%
Provincial		14.90%
Municipal		0.90%
Corporate		12.80%
International	1.50%	
Federal		1.50%
Equities	57.50%	
Canadian	28.50%	
Communications Services		1.20%
Consumer Discretionary		3.20%
Consumer Staples		2.80%
Energy		4.40%
Financial Services		7.70%
Industrials		4.40%
Information Technology		2.80%
Materials		2.00%
United States	19.80%	
Communications Services		3.10%
Consumer Discretionary		2.50%
Consumer Staples		2.60%
Energy		0.60%
Financial Services		4.80%
Health Care		2.70%
Information Technology		3.50%
International	9.20%	
Finland		0.40%
France		3.80%
Germany		1.80%
Italy		0.50%
Netherlands		0.60%
Spain		0.70%
United Kingdom		1.40%
Short-Term Investments	2.10%	
Derivative Assets	0.00%	
Derivative Liabilities	(0.10)%	
Other Assets	1.20%	
Total	<u>100.00%</u>	

Top 25 Positions	% of Fund's Net Asset Value
Government of Canada, 2.500%, 2032/12/01	6.8%
Province of Ontario, 2.050%, 2030/06/02	2.3%
Royal Bank of Canada	2.1%
Province of Ontario, 2.600%, 2027/06/02	1.7%
Province of Ontario, 2.650%, 2050/12/02	1.7%
Canadian National Railway Co.	1.6%
Province of Quebec, 3.100%, 2051/12/01	1.5%
United States Treasury Bond, 3.625%, 2053/02/15	1.5%
Government of Canada, 1.750%, 2053/12/01	1.5%
Toronto-Dominion Bank (The)	1.5%
Province of Quebec, 2.300%, 2029/09/01	1.5%
Province of Ontario, 3.750%, 2032/06/02	1.5%
Province of Quebec, 3.600%, 2033/09/01	1.4%
Alphabet Inc., Class 'A'	1.4%
Brookfield Corp., Class 'A'	1.4%
Government of Canada Treasury Bill, 3.480%, 2025/01/30	1.3%
TC Energy Corp.	1.2%
U.S. Bancorp	1.2%
Royal Bank of Canada, 2.328%, 2027/01/28	1.1%
Premium Brands Holdings Corp.	1.1%
Oracle Corp.	1.1%
Constellation Software Inc.	1.1%
Microsoft Corp.	1.1%
Bank of Nova Scotia (The)	1.0%
Major Drilling Group International Inc.	1.0%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates on the Fund's holdings may be obtained free of charge by calling us at 905-273-4240 (1-844-373-4240), or by writing us at Lincluden Investment Management Limited, 201 City Centre Drive, Suite 201, Mississauga, Ontario, L5B 2T4, or by visiting our website at www.lincluden.com or SEDAR+ at www.sedarplus.com.