

## **Annual Management Report of Fund Performance**

*For the Year Ended March 31, 2024*

### Fund Manager

Counsel Portfolio Services Inc.

### Sub-advisors

Acadian Asset Management LLC  
Mackenzie Financial Corporation

*This Annual Management Report of Fund Performance contains financial highlights but does not contain either the annual or interim financial statements of the investment fund. You may obtain a copy of the financial statements, at no cost, by calling toll-free at 1-877-216-4979, by writing to us at Counsel Portfolio Services Inc, 5015 Spectrum Way, Suite 300, Mississauga, Ontario, L4W 0E4, by visiting our website at [www.counselservices.com](http://www.counselservices.com) or by visiting the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure. For more information, please refer to the Simplified Prospectus, Annual Information Form and Fund Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

*For the Fund's current net asset value per security for series available via prospectus and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements which reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as: "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in securities legislation, changes in government regulations, changes in tax law, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Counsel Portfolio Services Inc. to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*

# IPC PRIVATE WEALTH VISIO NORTH AMERICAN EQUITY HIGH INCOME

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | March 31, 2024

## Management Discussion of Fund Performance

June 5, 2024

This Management Discussion of Fund Performance presents the views of Counsel Portfolio Services Inc. (“Counsel” or “we”) on the significant factors and developments during the year ended March 31, 2024 that have affected the Fund’s performance and outlook. For information on the Fund’s longer-term performance, please refer to the *Past Performance* section of the report.

In addition, net asset value (NAV) refers to the value of the Fund or a series, as calculated for transaction purposes.

### Investment Objective and Strategies

The Fund seeks to achieve long-term capital growth by investing primarily in North American listed equity securities. The sub-advisor uses fundamental analysis, quantitative analysis, and proprietary models in the security selection process and aims to identify those companies best able to sustain and raise their dividends and to avoid those most likely to cut their payouts without emphasis on sector allocation.

### Risks

The risks of investing in the Fund remain as discussed in the Fund’s initial Simplified Prospectus. The Fund is suitable for investors who seek a North American equity fund to hold as part of their portfolio; want a medium to long-term investment; can handle the volatility of stock markets; and have a medium tolerance for risk. The Fund is not available to retail investors and is only available to other institutional investors (primarily other Counsel Funds) on a prospectus-exempt basis.

### Results of Operations

#### Investment Performance

During the year, the Fund’s Series O securities returned 10.80% (after deducting fees and expenses). This compares with a 13.88% return of a blended benchmark comprised of 50% MSCI Canada High Dividend Yield Index (returned 12.33%), and 50% MSCI USA High Dividend Yield Index (returned 15.28%) (the “Blended Benchmark”). All index and series returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, none of which are reflected in the index return.

Canadian equities demonstrated resilience over the period, supported by the energy sector. Although the Bank of Canada paused interest rate increases after July 2023, flat consumer activity negatively affected economic growth. U.S. equities experienced volatility but ended the period higher, and mega-capitalization stocks significantly outperformed. Investor attention shifted to the timing of interest rate cuts the U.S. Federal Reserve has signalled for 2024. Within the S&P/TSX Composite Index, Information technology, Health care and Energy were the strongest sectors, while Communication services, Utilities and Materials were the weakest.

The Fund underperformed the broad-based S&P/TSX Composite Total Return Index, which returned 13.96%. The broad-based index is comprised of Canadian equities and has no exposure to U.S. equities, whereas the Fund invests in income-oriented equity securities traded in both nations. Given the Fund’s composition, the Blended Benchmark provides a more meaningful comparison.

The Fund underperformed the Blended Benchmark primarily due to security selection within Information Technology and an overweight exposure to Energy sector. Security selection and overweight allocation to Materials sector also detracted from performance.

During the year, the U.S. dollar (“USD”) appreciated 0.12% against the Canadian dollar (“CAD”) contributing to the Fund’s performance.

### Net Assets

The Fund’s NAV increased by \$16.8 million, over 100%, to \$30.2 million as at March 31, 2024, from \$13.4 million as at March 31, 2023. Of this increase, \$13.9 million was attributable to net sales and \$2.9 million to investment performance.

### Fees and Expenses

The annualized management expense ratio (“MER”) during the year ended March 31, 2024, was generally similar to the MER for the year ended March 31, 2023. No management fee or administration fee, other than certain specific fund costs, is charged to the Fund.

### Recent Developments

The global economy surpassed growth expectations in 2023 withstanding a number of headwinds, such as high inflation and central banks’ monetary tightening. The momentum continued in the first quarter of 2024 on strong labor markets, fiscal support in China, and cooling inflation. On the monetary policy front, major central banks held rates steady during the period. The International Monetary Fund (“IMF”) believes that resilience in the U.S. and emerging market economies will drive global growth in the next two years. It expects the global economy to see growth above 3% in the coming years.

The sub-advisor believes that the likelihood of a hard landing has reduced due to reduced inflation and steady economic growth. Furthermore, as disinflation gains pace, financial conditions could ease further. However, a potential spike in commodity prices due to geopolitical uncertainties could prolong tighter monetary conditions. This may impact developed markets more because emerging markets started raising interest rates sooner and, thus, will likely have more room to cut rates to stimulate growth.

The U.S. Energy Information Agency (EIA) expects global demand for oil to grow in 2024, albeit at a slower pace. However, global oil production is likely to suffer due to OPEC+ extending crude oil production cuts, causing a significant reduction in oil inventories and increased oil prices.

The Fund is expected to remain unhedged against foreign currencies subject to Counsel’s discretion based on its assessment of currency market conditions.

On November 30, 2023 (the “Transaction Date”), The Canada Life Assurance Company acquired Investment Planning Counsel Inc. (the parent company of Counsel). Counsel continues to operate as manager of the Fund. Effective on the Transaction Date, changes to the membership of the Fund’s Independent Review Committee and Counsel’s Board of Directors were made to align governance structures with Counsel’s affiliated entity Canada Life Investment Management Ltd.

### Related Party Transactions

#### Management and Administration Services

Other investment funds managed by Counsel (“Top Funds”) represent all of the Fund’s investors. As a result, Counsel pays all costs and expenses (other than certain specified fund costs) required to operate the Fund. No management or administration fees are paid by the Fund.

#### Portfolio Transaction Services

Mackenzie Financial Corporation, an affiliate of Counsel, provided portfolio transaction services to the Fund. The Fund paid no fees to Mackenzie for these services. Effective February 29, 2024, these services became governed by a sub-advisory agreement.

# IPC PRIVATE WEALTH VISIO NORTH AMERICAN EQUITY HIGH INCOME

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | March 31, 2024

## Other Related Party Transactions

Top Funds invest in Series O securities offered by the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. As a result of these investments, the Fund is subject to large transaction risk as discussed in its Simplified Prospectus. Counsel manages this risk to reduce the possibility of any adverse effect on the Fund or on its investors, through such processes as requiring advance notice of large redemptions. As at March 31, 2024, Top Funds owned 100% of the Fund's NAV. As of March 31, 2024, Counsel had not received notice of any large redemptions. All related party transactions are based on the NAV per security on each transaction day.

The IRC provided a positive recommendation with regards to the appointment of Mackenzie as a sub-advisor to the Fund.

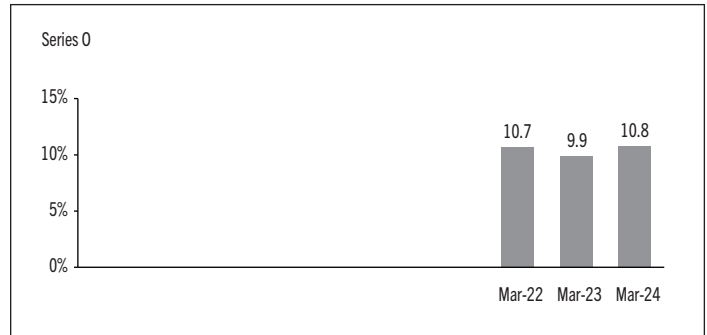
## Past Performance

The indicated rates of return are the historical annual compound total returns, including changes in NAV per security and assuming reinvestment of all distributions. They do not take into account sales, redemption, distribution or optional sales charges, management fees directly payable by investors or income taxes payable by any investor that would have reduced returns. Returns for each series primarily differ because fees and expenses vary for each series. Please refer to *Series Information* for further information. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes, whether paid in cash or reinvested in additional securities. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

## Year-by-Year Returns

The bar charts show how much an investment made on the first day of each financial year would have increased or decreased by the end of the respective periods. For the first year of a series, the percentage shown will be the actual return of the series from its inception date, which can be found under *Series Information*. The charts illustrate how the Fund's performance has changed over time.



## Annual Compound Returns

The Annual Compound Return table shows the annual compound total return for each series of the Fund for the periods shown ended March 31, 2024. The annual compound total return is also compared to the Fund's benchmark(s)<sup>1</sup> calculated on the same compound basis.

(%)	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Series O	10.80	n/a	n/a	n/a	11.39
Blended Benchmark	13.88	n/a	n/a	n/a	9.78
MSCI Canada High Dividend Yield Index	12.33	n/a	n/a	n/a	8.91
MSCI USA High Dividend Yield Index	15.28	n/a	n/a	n/a	10.44

(1) The Blended Benchmark is composed of 50% MSCI Canada High Dividend Yield Index and 50% MSCI USA High Dividend Yield Index. The return of the Blended Benchmark will not equal the proportionate sum of the returns of its components due to monthly rebalancing factored in the calculation of the Blended Benchmark's returns.

The MSCI Canada High Dividend Index reflects the performance of equities with higher dividend income and quality within the MSCI Canada Index (exl. REITs).

The MSCI USA High Dividend Index reflects the performance of equities with higher dividend income and quality within the MSCI USA Index (exl. REITs).

# IPC PRIVATE WEALTH VISIO NORTH AMERICAN EQUITY HIGH INCOME

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | March 31, 2024

## Summary of Investment Portfolio

at March 31, 2024

ASSET TYPE	% OF NAV
Equities	99.3
Cash and cash equivalents	0.4
Other assets (liabilities)	0.3

SECTOR ALLOCATION	% OF NAV
Financials	28.4
Energy	19.7
Information technology	18.5
Consumer discretionary	8.7
Consumer staples	6.5
Communication services	6.4
Materials	4.6
Health care	3.3
Industrials	3.2
Cash and cash equivalents	0.4
Other assets (liabilities)	0.3

COUNTRY ALLOCATION	% OF NAV
United States	56.5
Canada	42.8
Cash and cash equivalents	0.4
Other assets (liabilities)	0.3

TOP 25 POSITIONS	% OF NAV
<b>Issuer</b>	
Canadian Natural Resources Ltd.	7.1
Manulife Financial Corp.	5.6
Microsoft Corp.	5.5
Victory Capital Holdings Inc.	5.4
Sun Life Financial Inc.	5.0
Inter Parfums Inc.	5.0
BCE Inc.	4.9
Whitecap Resources Inc.	4.9
Oracle Corp.	4.9
Artisan Partners Asset Management Inc.	4.9
International Business Machines Corp.	4.8
Wyndham Destinations Inc.	4.6
Ryerson Holding Corp.	4.6
Enbridge Inc.	4.3
Installed Building Products Inc.	4.1
Parkland Fuel Corp.	3.3
Johnson & Johnson	3.3
Apple Inc.	3.3
iA Financial Corp. Inc.	3.2
The Toronto-Dominion Bank	2.3
TMX Group Ltd.	2.0
Insperty Inc.	1.8
Kimberly-Clark Corp.	1.6
Spok Holdings Inc.	1.4
Argan Inc.	1.4
<b>Top long positions as a percentage of total net asset value</b>	<b>99.2</b>

# IPC PRIVATE WEALTH VISIO NORTH AMERICAN EQUITY HIGH INCOME

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | March 31, 2024

## 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 for each of the fiscal periods presented below. If during the period a fund or series was established or reinstated, "period" represents the period from inception to the end of that fiscal period. Series inception dates can be found under *Series Information*.

### NET ASSETS PER SECURITY (\$)¹

Series 0	Mar. 31 2024	Mar. 31 2023	Mar. 31 2022
<b>Net assets, beginning of period</b>	11.39	10.81	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.45	0.44	0.30
Total expenses	(0.04)	(0.04)	(0.02)
Realized gains (losses) for the period	0.16	0.38	0.10
Unrealized gains (losses) for the period	1.03	0.34	1.04
<b>Total increase (decrease) from operations²</b>	1.60	1.12	1.42
<b>Distributions:</b>			
From income (excluding Canadian dividends)	(0.17)	(0.28)	(0.09)
From Canadian dividends	(0.21)	(0.17)	(0.07)
From capital gains	(0.01)	(0.01)	(0.09)
Return of capital	–	–	–
<b>Total annual distributions³</b>	(0.39)	(0.46)	(0.25)
<b>Net assets at period end</b>	12.19	11.39	10.81

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. The information presented is derived from the Fund's financial statements prepared in accordance with IFRS. The net assets presented here in this table and in the financial statements may differ from the NAV; an explanation of these differences can be found in Note 3 of the Fund's Financial Statements.

(2) NAV and distributions per security figures are based on the actual number of securities outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of securities outstanding over the financial period.

(3) Distributions were paid in cash, reinvested in additional securities of the Fund, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series 0	Mar. 31 2024	Mar. 31 2023	Mar. 31 2022
Total net asset value (\$000's)¹	30,192	13,438	2,901
Securities Outstanding (000's)¹	2,476	1,180	268
Management expense ratio (%)²	–	–	–
Management expense ratio before waivers or absorptions (%)²	–	–	–
Trading expense ratio (%)³	0.33	0.39	0.30
Portfolio turnover rate (%)⁴	195.69	159.70	160.75

(1) This information is provided as at the end of the fiscal period shown.

(2) MER and MER before waivers or absorptions ("Gross MER") are based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average daily NAV during the period. In the period a series is established, the MERs and Gross MERs are annualized from the date of inception to the end of the period. MER and Gross MER may be impacted by decreases and/or increases in management fees and/or administration fees as discussed under Series Information. Where the Fund invests in securities of an Underlying Fund, the MERs and Gross MERs presented for the Fund include the portion of MERs of the Underlying Fund(s) attributable to this investment.

(3) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs incurred as an annualized percentage of the daily average NAV during the period. Where the Fund invests in securities of an Underlying Fund, the TERs presented for the Fund include the portion of TERs of its Underlying Fund(s) attributable to this investment.

(4) The portfolio turnover rate ("PTR") indicates how actively the portfolio advisor manages the investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher PTR in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high PTR and the performance of the Fund. Costs incurred to realign the Fund's portfolio after a fund merger, if any, are excluded from the PTR.

# IPC PRIVATE WEALTH VISIO NORTH AMERICAN EQUITY HIGH INCOME

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | March 31, 2024

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## Series Information

Series	Inception/ Reinstatement Date	Minimum Investment (\$)	Management fee (%)	Administration fee (%)
Series O <sup>1</sup>	June 16, 2021	–	–	–

(1) There are no management or administration fees for this series since these securities are designed to facilitate fund-of-fund investing where duplication of management fees is prohibited.