

Counsel Defensive Global Equity

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended March 31, 2020

Fund Manager

Counsel Portfolio Services Inc.

Sub-Advisor

Irish Life Investment Managers Limited

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. If you have not received a copy of the financial statements with this report, you may obtain a copy 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.counsel.services.com or by visiting the SEDAR website at www.sedar.com.

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 Fund's Simplified Prospectus and Annual Information Form, which may also be obtained, at no cost, using any of the methods outlined above.

Every effort has been made to ensure that the information contained in this report is accurate as of September 30, 2019; however, the Fund cannot guarantee the accuracy or the completeness of this material. Please refer to the Fund's Simplified Prospectus and audited annual financial statements for more information.

CAUTION 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 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.

Management Discussion of Fund Performance

July 13, 2020

This Management Discussion of Fund Performance presents the views of Counsel Portfolio Services Inc. (“Counsel”) on the significant factors and developments during the year ended March 31, 2020 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, on which the discussion of Fund performance is based.

The Fund is not available to retail investors and is only available to other institutional investors (primarily other Counsel Funds).

Investment Objective and Strategies

The Fund seeks to achieve long-term capital growth while maintaining a commitment to protection of its capital through strategies that position the Fund defensively during times of market stress. The Fund invests primarily in global equity securities either directly or indirectly through other investment funds, and/or through the use of derivatives such as futures and forward contracts.

Risk

Despite recent volatility related to the global pandemic, the risks of investing in the Fund remain as discussed in the Fund’s initial Simplified Prospectus. The Fund is suitable for investors who: want exposure to global equity securities; are investing for the long term; and have a low to 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

The performance of the Fund’s Series O securities is discussed below. The performance of all other series offered by the Fund is shown in the *Past Performance* section of this report. Series returns may differ for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of different levels of fees and expenses charged to each series. Please refer to the *Series Information* section of this report for the varying management and administration fees payable by each series.

During the year, the Fund’s Series O securities returned -3.63%. This compares with a -4.53% return of the MSCI World Index (the “Index”). All index and series returns are calculated on a total return basis in Canadian dollar terms.

The sub-advisor employs a multi-factor quantitative investment signal, which weighs momentum, valuation, and macroeconomic factors to determine the Fund’s investment level in global equity markets versus cash. The quantitative signal moves on a daily basis which triggers adjustments to the allocation between equities and cash, which can vary between 100% equities or 100% cash.

The Fund outperformed the benchmark due to tactical reductions in equities in March 2020. The Fund was fully invested until February 28, 2020 when the equity weighting was reduced from 100% to 74%. As the month of March progressed more systematic allocations to cash continued, resulting in the Fund’s equity allocation was below 40%. As a result, the Fund’s cash allocation offset large losses experienced by equity markets in March 2020.

During the period, the Canadian dollar (“CAD”) depreciated 5.51% against the U.S. dollar (“USD”). As a result, USD exposures had a positive impact on the Fund’s performance. Additionally, the Fund was unhedged against the Euro (“EUR”), the Japanese Yen (“JPY”) and British Pound (“GBP”) for the 12-month period. Over this period, the CAD depreciated by 3.59%, 1.07%, and 8.65% against the EUR, GBP, and JPY respectively. As a result, these currency exposures had a positive impact on the Fund’s performance.

Net Assets

The Fund’s NAV increased by \$66.4 million, or 49.4%, to \$200.9 million as at March 31, 2020, from \$134.5 million at March 31, 2019. Of this increase, \$78.8 million was attributable to net sales and slightly offset by a \$12.4 million decrease due to investment performance (after deducting fees and expenses).

Fees and Expenses

The Management Expense Ratio (“MER”) for Series O of 0.00%, during the year ended March 31, 2020, was unchanged from the year ended March 31, 2019. No expenses (including management or administration fees) are charged to Series O, other than certain specific fund costs (primarily interest).

Recent Developments

Governments worldwide have enacted emergency measures to combat the spread of the COVID-19 virus in the last several months. These measures have caused significant volatility and weakness in global equity markets and material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic on business and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

The sub-advisor notes that the initial phase of the recovery has been faster than past recessions but warns to not necessarily expect a V-shaped bounce, as its base case is that global GDP won’t return to pre-COVID-19 levels until the end of 2021. The severity of a second wave of the virus could lead to a “stop/start” recovery in many economies, which could make equity markets more vulnerable to disappointments in terms of economic data or earnings over the months ahead. The sub-advisor believes more localized containment measures are likely, rather than further large-scale national lockdowns. Other medium-term challenges exist, such as tax hikes to fund stimulus packages and, while there are still concerns around trade, central banks have also been very active in providing support.

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

In Q3 2020, Counsel will expand its ESG (environmental, social and governance) program such that it will prohibit investments in companies that are:

- severe violators of social norms including human rights, labour rights, the environment, and corruption based on Principles of the U.N. Global Compact and the OECD Guidelines for Multinational Enterprises.
- primarily (50% or greater) in the business of manufacturing and distributing tobacco products
- deriving at least 30% of their revenue from coal mining or generating power where the output is derived at least 30% from the use of coal
- manufacturing banned or controversial weapons that can have a disproportionate and indiscriminate impact on civilian population.

The Fund’s holdings are not expected to be materially impacted by the prohibitions.

Related Party Transactions

Management and Administration Services

Top Funds represent nearly 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.

Other Related Party Transactions

Other investment funds managed by Counsel ("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. At March 31, 2020, Top Funds owned 100% of the Fund's NAV. As of March 31, 2020, Counsel had not received notice of any large redemptions. All related party transactions are based on the NAV per security on each transaction day.

Counsel is a subsidiary of IGM Financial Inc. ("IGM"). IGM is a subsidiary of Power Financial Corporation, which in turn is a subsidiary of Power Corporation of Canada. Companies related to Power Corporation of Canada are therefore considered affiliates of Counsel. As at March 31, 2020, the Fund held investments in Power Corporation of Canada, Great-West Lifeco Inc. (a subsidiary thereof), and several overseas investments indirectly affiliated with IGM Financial Inc. through Power Corporation of Canada. As at March 31, 2020, the value of these investments was in aggregate \$0.2 million representing 0.1% of the Fund's net assets. These investments are in accordance with policies approved by the Counsel Funds' Independent Review Committee ("IRC"); the IRC approved these policies on the basis that these investments would:

- (i) is made free from any influence by an entity related to Counsel and without taking into account any considerations relevant to an entity related to Counsel;
- (ii) represents the business judgment of the sub-advisor, uninfluenced by considerations other than the best interests of the Fund;
- (iii) made as part of a strategy where the value of such an investment is determined based on its relative weighting in an index; and
- (iv) achieves a fair and reasonable result for the Fund.

Series Information

The Fund may issue an unlimited number of securities for each series. The number of issued and outstanding securities of each series is disclosed in *Financial Highlights*. A 10-year history of the major changes affecting the Fund can be found in the Fund's Annual Information Form, available at www.counselservices.com.

	Date of Inception	Minimum Investment (\$)	Management Fee (%)	Administration Fee (%)
Series O ^{1,3}	January 7, 2016	-	-	-
Series R ^{2,3}	January 7, 2016	-	-	-

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.

² This series is not available for sale and is held solely by Counsel. On December 10, 2018, this series was terminated.

³ Securities of this series are not subject to sales charges or redemption charges.

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.

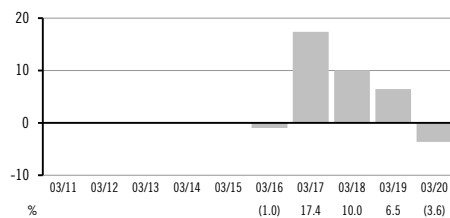
If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes, whether paid in cash or reinvested in additional securities. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities 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 chart shows 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 chart illustrates how the Fund's performance has changed over time.

SERIES 0



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, 2020. The annual compound total return is also compared to the Fund's benchmark(s)¹ calculated on the same compound basis.

(%)	1 yr	3 yrs	5 yrs	10 yrs	Since inception ²
Series O	(3.63)	3.74	n/a	n/a	5.90
MSCI World Total Return Index	(4.53)	4.16	n/a	n/a	6.13

¹ The MSCI World Total Return Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

Summary of Investment Portfolio

as at March 31, 2020

The largest holdings of the Fund (up to 25) as at the end of the period and the major asset classes in which the Fund was invested are indicated below. The investments and percentages may have changed by the time you purchase securities of this Fund. The top 25 holdings are made available quarterly, 60 days after quarter-end, except for March 31, which is the fiscal year-end for the Fund, when they are available after 90 days. Please see the front page for information about how they can be obtained.

The effective allocation shows the regional, sector and currency exposure of the Fund calculated by including the Fund's proportionate share of its holdings in Underlying Funds and index participation securities. The Simplified Prospectus and other information about each of the Underlying Funds are available on the SEDAR website at www.sedar.com.

Summary of Top 25 Holdings

	% of net asset value
Cash and cash equivalents	68.9
Microsoft Corp.	1.2
Apple Inc.	0.7
Amazon.com Inc.	0.3
Berkshire Hathaway Inc. Class B	0.3
United-Health Group Inc.	0.3
JPMorgan Chase & Co.	0.3
The Procter & Gamble Co.	0.3
The Home Depot Inc.	0.2
Visa Inc. Class A	0.2
The Walt Disney Co.	0.2
Verizon Communications Inc.	0.2
Roche Holding AG Genussscheine	0.2
Nestle SA Reg.	0.2
Intel Corp.	0.2
AT&T Inc.	0.2
Alphabet Inc. Class C	0.2
PepsiCo Inc.	0.2
Cisco Systems Inc.	0.2
Alphabet Inc. Class A	0.2
NVIDIA Corp.	0.2
Adobe Systems Inc.	0.2
Mastercard Inc. Class A	0.2
Merck & Co. Inc.	0.2
Comcast Corp. Class A	0.2
	75.7

Summary of Composition of the Portfolio

	% of net asset value
BY ASSET TYPE	
Equities	28.9
Equity Futures*	0.4
Cash and cash equivalents	68.9
Other	1.8
Total	100.0
EFFECTIVE SECTOR ALLOCATION	
Information Technology	7.2
Health Care	5.4
Financials	4.8
Industrials	4.1
Consumer Discretionary	3.2
Consumer Staples	3.0
Communication Services	2.8
Materials	2.1
Energy	1.8
Real Estate	1.6
Utilities	1.3
Cash and cash equivalents	68.9
Other	(6.2)
	100.0
EFFECTIVE REGIONAL ALLOCATION	
United States	18.3
Europe ex U.K.	4.8
Canada	3.1
Japan	2.5
United Kingdom	1.3
Pacific ex Japan	1.0
Middle East and Africa	0.1
Cash and cash equivalents	68.9
	100.0
CURRENCY EXPOSURE	
Canadian dollars	64.0
United States dollars	23.7
Euro	3.8
Japanese yen	3.2
United Kingdom pounds	1.7
Other	3.6
	100.0

* Equity futures have a notional value of 8.5% of NAV.

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 the past five financial years (as applicable). In the year a series is established, "period" represents from inception to the end of that period.

Footnotes are presented after *Ratios and Supplemental Data*.

Net Assets per Security¹

Series O (in \$)	12 mo	12 mo	12 mo	12 mo	12 mo
	Mar. 31	Mar. 31	Mar. 31	Mar. 31	Mar. 31
	2020	2019	2018	2017	2016
² Net assets, beginning of period	11.84	11.54	11.40	9.90	10.00
Increase (decrease) from operations:					
Total revenue	0.36	0.24	-	0.24	-
Total expenses	(0.01)	(0.01)	-	(0.02)	(0.01)
Realized gains (losses) for the period	(0.26)	0.21	-	0.85	0.03
Unrealized gains (losses) for the period	(0.48)	0.29	0.71	0.65	(0.12)
³ Total increase (decrease) from operations	(0.39)	0.73	0.71	1.72	(0.10)
Distributions:					
From income (excluding Canadian dividends)	(0.45)	(0.30)	(0.36)	(0.20)	-
From Canadian dividends	(0.01)	(0.01)	(0.04)	-	-
From capital gains	(0.08)	(0.12)	(0.58)	-	-
Return of capital	-	-	-	-	-
⁴ Total annual distributions	(0.54)	(0.43)	(0.98)	(0.20)	-
² Net assets at period end	10.93	11.84	11.54	11.40	9.90

Ratios and Supplemental Data

Series O	12 mo	12 mo	12 mo	12 mo	12 mo
	Mar. 31	Mar. 31	Mar. 31	Mar. 31	Mar. 31
	2020	2019	2018	2017	2016
² Total net asset value (pricing NAV) (\$000's)	200,907	134,481	97,840	66,143	7,204
Number of securities outstanding (000's)	18,388	11,355	8,477	5,800	728
⁵ Management expense ratio (%)	-	-	0.01	0.25	0.31
⁵ Management expense ratio before waivers or absorptions (%)	-	-	0.01	0.25	0.31
⁶ Trading expense ratio (%)	0.05	0.06	0.04	0.18	0.36
⁷ Portfolio turnover rate (%)	-	35.12	1.75	183.57	12.08

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.

² The net assets presented here and in the financial statements and this table may differ from the NAV.

³ 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.

⁴ Distributions were paid in cash, reinvested in additional securities of the Fund, or both.

⁵ MER and MER before waivers or absorptions ("Gross MER") are based on total expenses borne by the Fund, 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.

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.

⁶ The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs incurred as a percentage of 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.

⁷ 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.

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