

# Counsel Global Fixed Income

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended March 31, 2020

**Fund Manager**

Counsel Portfolio Services Inc.

**Sub-advisor**

Franklin Advisers, Inc.

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](http://www.counsel.services.com) or by visiting the SEDAR website at [www.sedar.com](http://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.

## Investment Objective and Strategies

The Fund seeks to achieve a high level of current income with the potential for capital appreciation. The Fund invests, either directly or through other investment funds, primarily in fixed-income securities and preferred shares issued around the world. During the year, the Fund began to directly invest in securities; the Fund previously achieved its objective by investing solely in Templeton Global Bond Fund (the Underlying Fund).

## Risk

Despite recent volatility related to the global pandemic, the risks of investing in the Fund remains as discussed in the Fund's initial Simplified Prospectus. The Fund is suitable for investors who: seek global fixed income investments to hold as part of their portfolio; want a medium-term investment; can handle the ups and downs of bond and currency markets; and have a low to medium tolerance for risk. The Fund is not available to retail investors and is only available on a prospectus-exempt basis.

## Results of Operations

### Investment Performance

The performance of the Fund's Series Private Wealth 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 series.

During the year, the Fund's Series Private Wealth securities returned -1.99% (after deducting fees and expenses). This compares with a 9.33% return of the JP Morgan Global Aggregate Bond Index (the "Index"). 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 returns.

This Fund underperformed the Index primarily due the Fund's underweighted exposure to U.S. Treasuries, while duration exposures in Latin America had mixed results (Brazil contributed and Argentina detracted). Among the Fund's currency positions in Latin America, the Argentine peso detracted from performance.

### Net Assets

The Fund's NAV declined by \$21.5 million, or 17.5%, to \$101.2 million as at March 31, 2020, from \$122.7 million at March 31, 2019. Of this decrease, \$20.1 million was attributable to net redemptions and \$1.4 million due to investment performance (after deducting fees and expenses).

### Fees and Expenses

The Management Expense Ratio ("MER") for Series Private Wealth of 0.17%, during the year ended March 31, 2020, was unchanged from the year ended March 31, 2019. Please note that no management fees are charged to Series Private Wealth; see the *Series Information* section of this report for further details. The MERs for all series (before and after waivers or absorptions, if any) are presented in the *Financial Highlights* section of this report.

## 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 continues to focus on pursuing attractive risk-adjusted returns in a select subset of emerging markets, while counter-balancing risks through a number of safe-haven investments in currencies. The sub-advisor is aiming to be uncorrelated to vulnerable asset classes while delivering yield and protecting capital. Markets are still in the early stages of a deepening credit crunch, in the sub-advisor's view as it expects credit focused strategies to face increasing challenges. By contrast, various safe-haven assets, such as the Japanese yen, show scope for continued appreciation as capital is increasingly repatriated due to escalating risk aversion.

The Fund is also investing in sovereign bonds in specific emerging markets that are less externally vulnerable, more domestically driven and that have orthodox fiscal and monetary policies. While remaining cautious on the broad outlook for emerging markets as a whole, the sub-advisor continues to see scope for additional valuation strength in specific countries such as Indonesia, Brazil and India. The sub-advisor has done extensive research on the clustering of assets, utilizing this recent bear market to provide a viewpoint on how various asset classes react during such extreme events. By studying these clusters and the correlations between them, the sub-advisor is aiming to reduce the exposure in the portfolio to negate impacts from broad market movements.

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

For Series Private Wealth, the Fund paid administration fees to Counsel at the annual rates specified under *Series Information* in this report and as more fully described in the Simplified Prospectus. In return for the administration fees, Counsel pays all costs and expenses (other than certain specified fund costs) required to operate the Fund. No management 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. Series Private Wealth securities are issued on a prospectus-exempt basis to investors in the IPC Private Wealth program offered by IPC Securities Corporation, an affiliate of Counsel. At March 31, 2020, Top Funds owned 34.5% of the Fund’s NAV and Series Private Wealth investors owned 65.5% 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.

The Fund did not rely on an approval, positive recommendation, or standing instruction from the Counsel Funds’ Independent Review Committee (“IRC”) with respect to any related party transactions.

## 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.counsel-services.com](http://www.counsel-services.com).

|                                      | Date of Inception | Minimum Investment (\$) | Management Fee (%) | Administration Fee (%) |
|--------------------------------------|-------------------|-------------------------|--------------------|------------------------|
| Series O <sup>1,4</sup>              | January 17, 2018  | -                       | -                  | -                      |
| Series Private Wealth <sup>2,4</sup> | May 23, 2014      | -                       | -                  | 0.15                   |
| Series R <sup>3,4</sup>              | May 23, 2014      | -                       | -                  | -                      |

<sup>1</sup> 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.

<sup>2</sup> There are no management fees for Series Private Wealth. An investor must enter into an agreement to participate in the IPC Private Wealth Program and agree to pay certain asset-based fees.

<sup>3</sup> This series is not available for sale and is held solely by Counsel. On December 10, 2018, this series was terminated.

<sup>4</sup> Securities of this series are not subject to sales charges or redemption charges.

## Past Performance

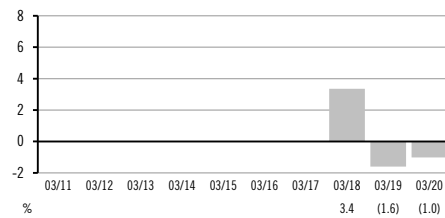
The indicated rates of return are the historical annual compound total returns, including changes in NAV per security and assuming reinvestment of all distributions. They do not take into account sales, redemption, distribution or optional sales charges, management fees directly payable by investors 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.

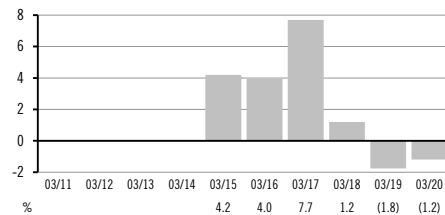
## Year-by-Year Returns

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 O**



**SERIES PRIVATE WEALTH**



## 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)<sup>1</sup> calculated on the same compound basis.

| (%)                                   | 1 yr   | 3 yrs  | 5 yrs | 10 yrs | Since inception <sup>2</sup> |
|---------------------------------------|--------|--------|-------|--------|------------------------------|
| <b>Series O</b>                       | (1.02) | n/a    | n/a   | n/a    | (0.42)                       |
| <b>Series Private Wealth</b>          | (1.19) | (0.59) | 1.92  | n/a    | 2.37                         |
| JP Morgan Global Aggregate Bond Index | 9.33   | 5.40   | 4.35  | n/a    | Note 2                       |

<sup>1</sup> The JP Morgan Global Aggregate Bond Index consists of U.S. dollar denominated, investment-grade bonds from developed and emerging markets. It is constructed from over 5,500 instruments issued from a broad range of countries.

<sup>2</sup> The returns of the JP Morgan Global Aggregate Bond Index since inception for each applicable series are: Series O 6.76 and Series Private Wealth 5.24

## Summary of Investment Portfolio

as at March 31, 2020

The holdings of the Fund 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 of the Fund 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 Fund's Effective Currency Exposure gives consideration to both the Fund's investments and the Fund's derivative positions.

### Summary of Top 25 Holdings

|   | % of net asset value |
|---|----------------------|
| Cash and cash equivalents                                   | 44.2                 |
| Government of Korea 1.38% 12-10-2029                        | 5.7                  |
| Government of Japan Treasury Bill 0% 08-11-2020             | 5.2                  |
| Government of Switzerland 2.00% 04-28-2021                  | 5.2                  |
| Government of Korea 1.75% 12-10-2020                        | 4.8                  |
| Federative Republic of Brazil 0% 07-01-2020                 | 4.4                  |
| Government of Mexico 6.50% 06-10-2021                       | 4.2                  |
| Government of Norway 3.75% 05-25-2021                       | 3.0                  |
| Federative Republic of Brazil 0% 10-01-2020                 | 2.5                  |
| Government of Indonesia 7.00% 05-15-2022                    | 2.3                  |
| Government of Mexico 6.50% 06-09-2022                       | 1.9                  |
| Government of Indonesia 7.00% 05-15-2027                    | 1.8                  |
| Government of Norway 2.00% 05-24-2023                       | 1.5                  |
| Ghana Government Bond 16.50% 03-22-2021 Series 3Y           | 1.4                  |
| Government of Norway 3.00% 03-14-2024                       | 1.2                  |
| Mexican Bonos 8.00% 12-07-2023                              | 1.0                  |
| Government of Colombia 7.00% 05-04-2022                     | 0.9                  |
| Federative Republic of Brazil 0% 01-01-2022                 | 0.7                  |
| Government of Colombia 10.00% 07-24-2024                    | 0.5                  |
| Government of Norway 1.75% 03-13-2025 Series 477            | 0.4                  |
| Brazil Notas do Tesouro Nacional 10.00% 01-01-2021 Series F | 0.4                  |
| Government of Mexico 0% 04-02-2020                          | 0.4                  |
| Government of Mexico 0% 06-04-2020                          | 0.4                  |
| Government of Mexico 0% 06-18-2020                          | 0.4                  |
| Government of Norway 1.50% 02-19-2026                       | 0.3                  |
|   | <b>94.7</b>          |

## Summary of Composition of the Portfolio

|                           | % of net asset value |
|---------------------------|----------------------|
| <b>BY ASSET TYPE</b>      |                      |
| Government Bonds          | 53.4                 |
| Cash and cash equivalents | 44.2                 |
| Other                     | 2.4                  |
| <b>Total</b>              | <b>100.0</b>         |

|                            |      |
|----------------------------|------|
| <b>REGIONAL ALLOCATION</b> |      |
| Latin America              | 19.7 |
| Pacific ex Japan           | 14.5 |
| Europe ex U.K.             | 12.1 |
| Japan                      | 5.2  |
| Canada                     | 2.4  |
| Middle East and Africa     | 1.9  |
| Cash and cash equivalents  | 44.2 |
| <b>100.0</b>               |      |

|                                      |             |
|--------------------------------------|-------------|
| <b>FIXED INCOME BY CREDIT RATING</b> |             |
| AAA                                  | 12.1        |
| AA                                   | 15.6        |
| BBB                                  | 14.0        |
| less than BBB                        | 10.0        |
| Unrated                              | 1.7         |
|                                      | <b>53.4</b> |

|                          |              |
|--------------------------|--------------|
| <b>CURRENCY EXPOSURE</b> |              |
| Japanese yen             | 45.1         |
| United States dollars    | 18.0         |
| Norwegian krona          | 7.2          |
| Swedish krona            | 5.5          |
| Swiss franc              | 5.2          |
| Brazilian real           | 4.5          |
| Indonesian rupiah        | 4.3          |
| Canadian dollars         | 2.3          |
| Argentina peso           | 2.3          |
| Ghana Cedi               | 2.1          |
| Colombian peso           | 1.5          |
| Mexican peso             | 1.3          |
| South Korean won         | 0.7          |
|                          | <b>100.0</b> |

## 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 Security<sup>1</sup>

| Series O<br>(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                           |
| <sup>2</sup> Net assets, beginning of period           | 9.73                           | 10.26                          | 10.00                          | n/a                            | n/a                            |
| Increase (decrease) from operations:                   |                                |                                |                                |                                |                                |
| Total revenue  | 0.04                           | 0.35                           | 0.07                           | n/a                            | n/a                            |
| Total expenses   | -                              | -                              | -                              | n/a                            | n/a                            |
| Realized gains (losses) for the period                 | (0.09)                         | (0.08)                         | (0.01)                         | n/a                            | n/a                            |
| Unrealized gains (losses) for the period               | (0.03)                         | (0.44)                         | 0.28                           | n/a                            | n/a                            |
| <sup>3</sup> Total increase (decrease) from operations | (0.08)                         | (0.17)                         | 0.34                           | n/a                            | n/a                            |
| Distributions:   |                                |                                |                                |                                |                                |
| From income (excluding Canadian dividends)             | (0.32)                         | (0.36)                         | (0.08)                         | n/a                            | n/a                            |
| From Canadian dividends                                | -                              | -                              | -                              | n/a                            | n/a                            |
| From capital gains                                     | -                              | -                              | -                              | n/a                            | n/a                            |
| Return of capital                                      | -                              | -                              | -                              | n/a                            | n/a                            |
| <sup>4</sup> Total annual distributions                | (0.32)                         | (0.36)                         | (0.08)                         | n/a                            | n/a                            |
| <sup>2</sup> Net assets at period end                  | 9.31                           | 9.73                           | 10.26                          | n/a                            | n/a                            |
| <b>Series Private Wealth</b><br>(in \$)                | <b>12 mo</b><br><b>Mar. 31</b> | <b>12 mo</b><br><b>Mar. 31</b> | <b>12 mo</b><br><b>Mar. 31</b> | <b>12 mo</b><br><b>Mar. 31</b> | <b>12 mo</b><br><b>Mar. 31</b> |
|  | <b>2020</b>                    | <b>2019</b>                    | <b>2018</b>                    | <b>2017</b>                    | <b>2016</b>                    |
| <sup>2</sup> Net assets, beginning of period           | 9.28                           | 9.78                           | 9.92                           | 9.73                           | 10.13                          |
| Increase (decrease) from operations:                   |                                |                                |                                |                                |                                |
| Total revenue  | 0.03                           | 0.33                           | 0.27                           | 0.34                           | 0.41                           |
| Total expenses   | (0.02)                         | (0.02)                         | (0.02)                         | (0.02)                         | (0.02)                         |
| Realized gains (losses) for the period                 | (0.09)                         | (0.08)                         | (0.05)                         | 0.16                           | 0.42                           |
| Unrealized gains (losses) for the period               | (0.03)                         | (0.42)                         | (0.10)                         | 0.24                           | (0.43)                         |
| <sup>3</sup> Total increase (decrease) from operations | (0.11)                         | (0.19)                         | 0.10                           | 0.72                           | 0.38                           |
| Distributions:   |                                |                                |                                |                                |                                |
| From income (excluding Canadian dividends)             | (0.29)                         | (0.33)                         | (0.20)                         | (0.48)                         | (0.36)                         |
| From Canadian dividends                                | -                              | -                              | (0.05)                         | (0.02)                         | (0.03)                         |
| From capital gains                                     | -                              | -                              | -                              | (0.02)                         | (0.40)                         |
| Return of capital                                      | -                              | -                              | -                              | -                              | -                              |
| <sup>4</sup> Total annual distributions                | (0.29)                         | (0.33)                         | (0.25)                         | (0.52)                         | (0.79)                         |
| <sup>2</sup> Net assets at period end                  | 8.88                           | 9.28                           | 9.78                           | 9.92                           | 9.73                           |

### 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    |
| <sup>2</sup> Total net asset value (pricing NAV) (\$'000's)             | 34,905  | 46,079  | 61,796  | n/a     | n/a     |
| Number of securities outstanding (000's)                                | 3,749   | 4,736   | 6,024   | n/a     | n/a     |
| <sup>5</sup> Management expense ratio (%)                               | -       | -       | -       | n/a     | n/a     |
| <sup>5</sup> Management expense ratio before waivers or absorptions (%) | -       | -       | -       | n/a     | n/a     |
| <sup>6</sup> Trading expense ratio (%)                                  | -       | -       | -       | n/a     | n/a     |
| <sup>7</sup> Portfolio turnover rate (%)                                | -       | 48.91   | 117.02  | n/a     | n/a     |

| Series Private Wealth   | 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    |
| <sup>2</sup> Total net asset value (pricing NAV) (\$'000's)             | 66,325  | 76,584  | 89,003  | 79,277  | 58,488  |
| Number of securities outstanding (000's)                                | 7,470   | 8,253   | 9,095   | 7,988   | 6,011   |
| <sup>5</sup> Management expense ratio (%)                               | 0.17    | 0.17    | 0.17    | 0.17    | 0.17    |
| <sup>5</sup> Management expense ratio before waivers or absorptions (%) | 0.17    | 0.17    | 0.17    | 0.17    | 0.17    |
| <sup>6</sup> Trading expense ratio (%)                                  | -       | -       | -       | -       | -       |
| <sup>7</sup> Portfolio turnover rate (%)                                | -       | 48.91   | 117.02  | 9.68    | 8.38    |

<sup>1</sup> 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.

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

<sup>3</sup> 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.

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

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

## COUNSEL | PORTFOLIO SERVICES

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