

Counsel High Yield Fixed Income

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended September 30, 2019

Fund Manager
Counsel Portfolio Services Inc.

This Interim 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

November 12, 2019

This Management Discussion of Fund Performance presents the views of Counsel Portfolio Services Inc. ("Counsel") on the significant factors and developments during the period ended September 30, 2019, 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.

Results of Operations Investment Performance

The performance of the Fund's Series A 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 six-month period, the Fund's Series A securities returned 2.41% (after deducting fees and expenses). This compares with a 3.35% return comprised of a blended benchmark composed of 70% Bank of America U.S. High Yield Master II Total Return Index (returned 2.89%) and 30% Bank of America U.S. Emerging Market Liquid Corporate Plus Total Return Index (returned 4.42%) (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 returns.

The Fund underperformed the broad-based FTSE TMX Canada Universe Total Return Index. The broad-based index is comprised of Canadian fixed-income securities and has no exposure to below investment grade bonds and bonds outside of Canada, whereas the Fund invests in North American high yield bonds as well as emerging market bonds. Given the Fund's composition, the Blended Benchmark provides a more meaningful comparison.

The Fund underperformed the Blended Benchmark primarily due to the underlying Bluebay Emerging Market Corporate Bond Fund due to its allocation to Argentina and selection within Brazil.

During the period, the Canadian dollar ("CAD") appreciated 0.94% against the U.S. Dollar ("USD"). As a result, the Fund's USD currency exposures negatively impacted fund performance; the Fund's partial hedge in effect at the beginning and the end of the period modestly offset some of this impact.

Net Assets

The Fund's NAV declined by \$0.1 million, or 0.2%, to \$48.3 million as at September 30, 2019, from \$48.4 million at March 31, 2019. Of this decrease, \$1.7 million was attributable to net redemptions and almost entirely offset by a \$1.6 million increase due to investment performance (after deducting fees and expenses).

Fees and Expenses

The Management Expense Ratio ("MER") for Series A of 2.31%, during the period ended September 30, 2019, was slightly lower than the MER of 2.33% for the year ended March 31, 2019. 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

Putnam Investments, sub-advisor to the underlying Counsel North American High Yield Bond, continues to hold a constructive view of the asset class. The underlying fundamentals of high yield issuers in the U.S. is skewed slightly positive, buoyed by favorable corporate earnings. Additionally, overall default levels (2.78%, including distressed exchanges) remain below historical long-term averages of 3.0-3.5%. Meanwhile, the technical environment has been positive due to moderate net new issuance volumes and strong inflows into the asset class. From a valuation standpoint, spreads look fairly valued given the underlying fundamental strength of issuers and a supportive technical environment. With that said, risks to the sub-advisor's constructive outlook include commodity price volatility, policy missteps from global central banks, and/or heightened geopolitical tension.

Bluebay, the sub-advisor to the underlying Bluebay Emerging Markets Corporate Bond Fund, notes that both high yield bonds and local currency are the markets that it believes should bounce sharply on any positive surprises around the U.S.-China trade war, or on stabilization in sentiment around the global growth outlook.

The Fund's target hedge of 50% against USD exposure was eliminated in mid-October 2019. The USD hedge is dynamic and may vary between 0-100% at our discretion based on our assessment of currency market conditions.

Related Party Transactions

Management and Administration Services

For each applicable series, the Fund paid management fees and 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. See also *Management Fees*.

Portfolio Transaction Services

IPC Investment Corporation, an affiliate of Counsel, provides portfolio transaction services to the Fund when the Fund invests directly in securities of mutual funds other than Counsel Funds. The Fund pays no brokerage commissions or fees on these investment transactions.

Other Related Party Transactions

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 September 30, 2019, Series Private Wealth investors owned 79.1% of the Fund's NAV. As of September 30, 2019, 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.

Management Fees

The Fund's management fees were used by the Manager to pay for: costs of managing the investment portfolio; providing investment analysis and recommendations; making investment decisions; the purchase and sale of the investment portfolio; and providing other services. The Manager also used the management fees to fund commission payments and other compensation (collectively, "Distribution Related Payments") paid to the dealers and brokers for securities of the Fund bought and held by investors.

The following dealers, who are affiliated with Counsel, may be entitled to Distribution Related Payments from Counsel on the same basis as unrelated registered brokers and dealers: IPC Securities Corporation, Investors Group Securities Inc., IPC Investment Corporation, Investors Group Financial Services Inc. and Quadrus Investment Services Ltd.

During the period, approximately 35% of the total management fee revenues received from all Counsel funds were used to fund Distribution Related Payments to registered dealers and brokers. In comparison, such Distribution Related Payments for the Fund represented 37% of the management fees paid. This amount is an average percentage of the management fees paid by all series. The actual percentage for each series may be higher or lower than the average depending on the level of trailing commissions and sales commissions paid for that series.

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.

	Date of Inception	Minimum Investment (\$)	Management Fee ⁶ (%)	Administration Fee ⁶ (%)
Series A ¹	July 13, 2012	1,000	1.80	0.25
Series F ^{2,3}	July 13, 2012	1,000	1.05	0.15
Series I ^{2,3,4,6}	July 13, 2012	1,000	-	0.15
Series Private Wealth ^{3,5}	July 24, 2012	-	-	0.15

¹ As described in the Fund's Simplified Prospectus, securities of this series purchased under the sales charge purchase option may be subject to a fee of up to 5%; securities purchased under the redemption charge or low-load purchase options may be subject to a redemption fee of up to 6% or 3% respectively.

² A negotiable advisory or asset-based fee (plus sales taxes) is payable by investors to their dealer(s) in connection with the securities held in this series. The fee may be collected by Counsel from the investor's account through redemption of securities and remitted to the dealer at the investor's request. Alternatively, the dealer may collect it directly from the investor. Investors in this series may be eligible for a management fee reduction subject to meeting certain requirements as discussed in the Fund's Simplified Prospectus.

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

⁴ The management fee for this series is 1.05% and is payable directly to Counsel generally through the monthly redemption of securities.

⁵ 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.

⁶ Counsel may, at its discretion, waive or lower the management fee (either directly or indirectly) and/or administration fee payable by investors.

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.

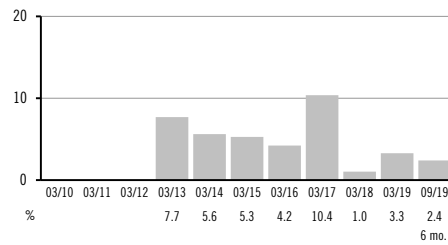
Past performance may have been impacted by the waiving of certain fees or expenses by the Manager.

Year-by-Year Returns

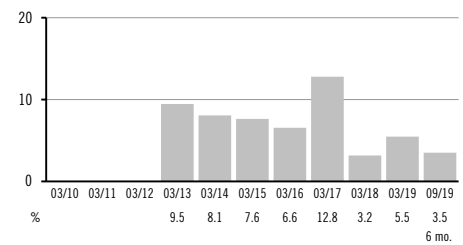
The bar chart shows how much an investment made on the first day of each financial year would have increased or decreased by the end of the respective periods. For the first year of a series, the percentage

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.

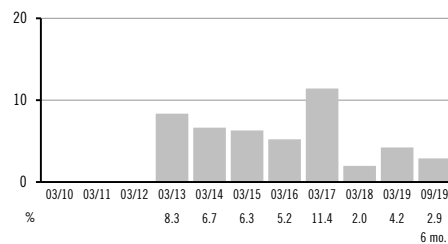
SERIES A



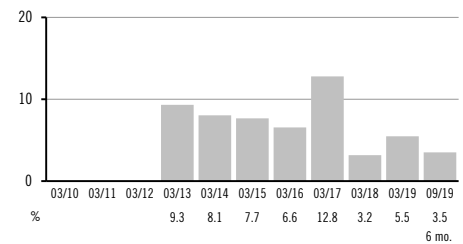
SERIES I



SERIES F



SERIES PRIVATE WEALTH



Summary of Investment Portfolio

as at September 30, 2019

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 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 asset type, regional, credit rating, or currency exposure of the Fund calculated by including the Fund's proportionate share of its holdings in Underlying Funds. The Simplified Prospectus and other information about each of the Underlying Funds are available on the SEDAR website at www.sedar.com.

Summary of Holdings

	% of net asset value
Counsel North American High Yield Bond Series O	74.8
Bluebay Emerging Markets Corporate Bond Fund Series O	22.4
	97.2

Summary of Composition of the Portfolio

	% of net asset value
EFFECTIVE ASSET TYPE	
Corporate Bonds	90.2
Equities	0.6
Government Bonds	0.3
Other	8.9
Total	100.0
EFFECTIVE REGIONAL ALLOCATION	
United States	60.1
Canada	12.9
Pacific ex Japan	7.6
Latin America	6.6
Europe ex U.K.	5.7
Middle East and Africa	5.5
United Kingdom	1.6
	100.0
EFFECTIVE CURRENCY EXPOSURE	
Canadian dollars	57.4
United States dollars	42.5
Euro	0.1
	100.0
EFFECTIVE CREDIT RATING	
AA	0.4
A	1.8
BBB	11.9
BB	36.2
B	32.5
Less than B or unrated	7.7
	90.5

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 current period and previous 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 A (in \$)	6 mo Sep. 30 2019	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017	12 mo Mar. 31 2016	12 mo Mar. 31 2015
² Net assets, beginning of period	9.38	9.35	9.62	9.01	10.38	10.51
Increase (decrease) from operations:						
Total revenue	0.27	0.54	0.54	0.54	0.67	0.61
Total expenses	(0.11)	(0.21)	(0.22)	(0.22)	(0.25)	(0.25)
Realized gains (losses) for the period	0.01	(0.29)	0.33	0.28	0.32	0.19
Unrealized gains (losses) for the period	0.06	0.26	(0.56)	0.31	(0.30)	(0.01)
³ Total increase (decrease) from operations	0.23	0.30	0.09	0.91	0.44	0.54
Distributions:						
From income (excluding Canadian dividends)	(0.13)	(0.26)	(0.27)	(0.28)	(0.55)	(0.41)
From Canadian dividends	-	-	-	(0.03)	-	-
From capital gains	-	-	(0.10)	-	(1.27)	(0.25)
Return of capital	-	-	-	-	-	-
⁴ Total annual distributions	(0.13)	(0.26)	(0.37)	(0.31)	(1.82)	(0.66)
² Net assets at period end	9.48	9.38	9.35	9.62	9.01	10.38

Series F (in \$)	6 mo Sep. 30 2019	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017	12 mo Mar. 31 2016	12 mo Mar. 31 2015
² Net assets, beginning of period	9.53	9.48	9.76	9.13	10.47	10.54
Increase (decrease) from operations:						
Total revenue	0.27	0.55	0.54	0.55	0.68	0.61
Total expenses	(0.06)	(0.12)	(0.13)	(0.13)	(0.15)	(0.15)
Realized gains (losses) for the period	0.01	(0.30)	0.34	0.29	0.32	0.19
Unrealized gains (losses) for the period	0.06	0.27	(0.57)	0.32	(0.30)	(0.01)
³ Total increase (decrease) from operations	0.28	0.40	0.18	1.03	0.55	0.64
Distributions:						
From income (excluding Canadian dividends)	(0.18)	(0.34)	(0.36)	(0.36)	(0.60)	(0.47)
From Canadian dividends	-	-	-	(0.04)	-	-
From capital gains	-	-	(0.11)	-	(1.29)	(0.23)
Return of capital	-	-	-	-	-	-
⁴ Total annual distributions	(0.18)	(0.34)	(0.47)	(0.40)	(1.89)	(0.70)
² Net assets at period end	9.63	9.53	9.48	9.76	9.13	10.47

Series I (in \$)	6 mo Sep. 30 2019	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017	12 mo Mar. 31 2016	12 mo Mar. 31 2015
² Net assets, beginning of period	8.56	8.49	8.74	8.18	9.39	10.66
Increase (decrease) from operations:						
Total revenue	0.25	0.49	0.49	0.49	0.61	0.60
Total expenses	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Realized gains (losses) for the period	0.01	(0.27)	0.30	0.26	0.29	0.19
Unrealized gains (losses) for the period	0.05	0.25	(0.50)	0.28	(0.28)	(0.05)
³ Total increase (decrease) from operations	0.30	0.46	0.27	1.02	0.60	0.72
Distributions:						
From income (excluding Canadian dividends)	(0.21)	(0.39)	(0.41)	(0.42)	(0.64)	(0.84)
From Canadian dividends	-	-	-	(0.04)	-	(0.01)
From capital gains	-	-	(0.11)	-	(1.17)	(1.13)
Return of capital	-	-	-	-	-	-
⁴ Total annual distributions	(0.21)	(0.39)	(0.52)	(0.46)	(1.81)	(1.98)
² Net assets at period end	8.64	8.56	8.49	8.74	8.18	9.39

Series Private Wealth (in \$)	6 mo Sep. 30 2019	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017	12 mo Mar. 31 2016	12 mo Mar. 31 2015
² Net assets, beginning of period	9.55	9.47	9.75	9.13	10.47	10.55
Increase (decrease) from operations:						
Total revenue	0.28	0.55	0.54	0.55	0.68	0.61
Total expenses	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.01	(0.30)	0.34	0.29	0.33	0.19
Unrealized gains (losses) for the period	0.06	0.27	(0.57)	0.32	(0.30)	(0.01)
³ Total increase (decrease) from operations	0.34	0.51	0.29	1.14	0.69	0.77
Distributions:						
From income (excluding Canadian dividends)	(0.23)	(0.43)	(0.46)	(0.47)	(0.72)	(0.59)
From Canadian dividends	-	-	-	(0.05)	-	-
From capital gains	-	-	(0.12)	-	(1.30)	(0.25)
Return of capital	-	-	-	-	-	-
⁴ Total annual distributions	(0.23)	(0.43)	(0.58)	(0.52)	(2.02)	(0.84)
² Net assets at period end	9.65	9.55	9.47	9.75	9.13	10.47

Ratios and Supplemental Data

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31
Series A	2019	2019	2018	2017	2016	2015
² Total net asset value (pricing NAV) (\$'000's)	6,486	6,193	7,065	12,917	6,254	6,677
Number of securities outstanding ('000's)	684	660	756	1,342	694	643
⁵ Management expense ratio (%)	2.31	2.33	2.36	2.40	2.49	2.47
⁵ Management expense ratio before waivers or absorptions (%)	2.36	2.36	2.36	2.40	2.49	2.47
⁶ Trading expense ratio (%)	0.01	0.01	0.01	0.01	0.02	0.01
⁷ Portfolio turnover rate (%)	103.26	49.12	20.86	14.23	154.08	18.52

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31
Series F	2019	2019	2018	2017	2016	2015
² Total net asset value (pricing NAV) (\$'000's)	2,825	2,830	3,130	6,171	6,356	1,288
Number of securities outstanding ('000's)	293	297	330	632	696	123
⁵ Management expense ratio (%)	1.37	1.39	1.42	1.48	1.55	1.53
⁵ Management expense ratio before waivers or absorptions (%)	1.43	1.42	1.42	1.48	1.55	1.53
⁶ Trading expense ratio (%)	0.01	0.01	0.01	0.01	0.02	0.01
⁷ Portfolio turnover rate (%)	103.26	49.12	20.86	14.23	154.08	18.52

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31
Series I	2019	2019	2018	2017	2016	2015
² Total net asset value (pricing NAV) (\$'000's)	796	878	693	313	40	57
Number of securities outstanding ('000's)	92	103	82	36	5	6
⁵ Management expense ratio (%)	0.21	0.21	0.25	0.24	0.26	0.24
⁵ Management expense ratio before waivers or absorptions (%)	0.26	0.25	0.25	0.24	0.26	0.24
⁶ Trading expense ratio (%)	0.01	0.01	0.01	0.01	0.02	0.01
⁷ Portfolio turnover rate (%)	103.26	49.12	20.86	14.23	154.08	18.52

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31	12 mo Mar. 31
Series Private Wealth	2019	2019	2018	2017	2016	2015
² Total net asset value (pricing NAV) (\$'000's)	38,226	38,515	39,414	71,274	50,686	33,882
Number of securities outstanding ('000's)	3,963	4,035	4,161	7,308	5,554	3,236
⁵ Management expense ratio (%)	0.20	0.22	0.24	0.24	0.26	0.24
⁵ Management expense ratio before waivers or absorptions (%)	0.26	0.24	0.24	0.24	0.26	0.24
⁶ Trading expense ratio (%)	0.01	0.01	0.01	0.01	0.02	0.01
⁷ Portfolio turnover rate (%)	103.26	49.12	20.86	14.23	154.08	18.52

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. MER and Gross MER may be impacted by proposed decreases 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.

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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