

## COUNSEL | PORTFOLIO SERVICES

# Counsel Global Low Volatility Equity

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended March 31, 2021

**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. 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.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.

For the Fund's current net asset values per security and for more recent information on general market events, please visit our website listed above.

### 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, 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.

## Management Discussion of Fund Performance

June 8, 2021

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, 2021 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 provide long-term capital growth by investing, in equity securities of companies either directly or indirectly through other investment funds, around the world while seeking to reduce absolute volatility.

### Risk

The risks of investing in the Fund generally remain as discussed in the Fund's initial Simplified Prospectus. The Fund is suitable for investors who: seek exposure to global equity securities; want a long term investment; can handle the volatility of stock markets; and have a low to medium tolerance for risk. The Fund is only available on a prospectus-exempt basis and is not available to registered investors.

## 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. Where series returns differ, it is primarily because different levels of fees and expenses were charged to each series, or because securities of a series were not issued and outstanding for the entire reporting period. 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 O securities returned 20.44%. This compares with a 36.01% return of the broad-based MSCI World Index. All index and series returns are calculated on a total return basis in Canadian dollar terms.

Most global equity markets rebounded to all-time highs following the pandemic-driven collapse in March 2020. News of successful vaccine development helped lift stocks expected to benefit from the lifting of lockdown restrictions. However, waves of COVID-19 infections and hospitalizations in the second half of the period slowed reopening in

many regions. In response, governments continued to provide significant stimulus to boost struggling economies. Within the MSCI World Index, Austria, the Netherlands, and the United States were the strongest-performing countries, while New Zealand, Portugal, and the United Kingdom were the weakest. The Consumer Discretionary, Information Technology and Materials sectors were the strongest performers, while Utilities, Consumer Staples and Healthcare were the weakest.

The Fund underperformed the MSCI World Index primarily due to the Fund's strategic underweight position in Information Technology and overweight positions in Communication Services and Consumer Staples. The Fund's objective is to invest in lower volatility stocks which traditionally have a lower valuation multiple. This methodology protects the Fund against purchasing high valuation stocks, such as those in the Information Technology sector which has benefited the Fund in Q1 2021 however this positioning has lagged over the prior 12 months. The Fund's volatility was lower than the MSCI World Index, meeting one of the Fund's key objectives.

During the year, the U.S. dollar ("USD"), Euro ("EUR"), British Pound ("GBP") and Japanese Yen ("JPY") depreciated 10.87%, 5.12%, 0.69%, and 13.39% respectively against the Canadian dollar ("CAD"). As a result, the Fund's foreign currency exposures detracted from returns.

### Net Assets

The Fund's NAV increased by \$17.7 million, or 18.9%, to \$111.1 million as at March 31, 2021, from \$93.4 million at March 31, 2020. Of this increase, \$20.0 million was attributable to investment performance (after deducting fees and expenses) and slightly offset by \$2.3 million of net redemptions.

### Fees and Expenses

The Management Expense Ratio ("MER") for Series O of 0.00%, during the year ended March 31, 2021, was unchanged from the year ended March 31, 2020. 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 various measures in seeking to combat the spread of the COVID-19 virus. These measures have led to significant volatility in equity markets and material disruption to businesses globally, resulting in an economic slowdown.

Ongoing uncertainty regarding the duration and long-term impact of the pandemic and the implementation of vaccination programs, as well as the efficacy of government and central bank monetary and fiscal interventions, may continue to affect the Fund's performance in future periods.

With the global economy in the initial stages of a new cycle and with strong economic and earnings growth forecast over the next two years, the sub-advisor believe markets could deliver attractive returns over the next 12 months. While equity markets are expensive in absolute terms, they remain very attractive in relative terms given the low yields available on fixed income. Global growth expectations have accelerated due to U.S. stimulus, accommodative central banks, and the ongoing vaccine rollout.

The sub-advisor notes that potential risks to the positive outlook include a resurgence in COVID-19 cases and a failure to contain the virus, vaccines proving to be ineffective in treating new variants which would threaten the improving growth backdrop, fiscal and monetary supports being reduced, or further significant rises in bond yields which would diminish the relative valuation case for equities. The probability of these occurring is viewed as being low.

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

Effective February 24, 2021, Martin Taylor retired as a member of the Counsel Funds' Independent Review Committee.

## 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. As a result of these investments, the Fund is subject to large transaction risk as discussed in the Counsel Funds' 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. At March 31, 2021, Top Funds owned nearly 100% of the Fund's NAV. As of March 31, 2021, Counsel had not received any additional notice of 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.

## 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.

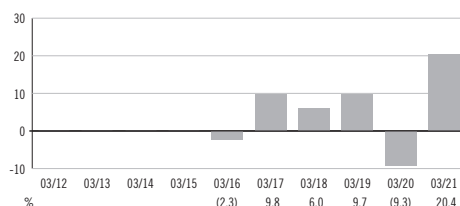
If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes, whether paid in cash or reinvested in additional securities. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities 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

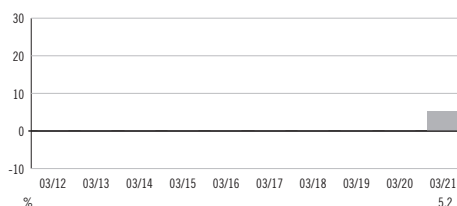
The bar chart shows how much an investment made on the first day of each financial year would have increased or decreased by the end of the respective periods. For the first year of a series, the percentage

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, 2021. 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>	20.44	6.22	6.87	n/a	6.11
<b>Series Private Wealth</b>	n/a	n/a	n/a	n/a	5.24
MSCI World Total Return Index	36.01	11.86	12.71	n/a	Note 3

<sup>1</sup> 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.

<sup>2</sup> Inception dates vary by series.

<sup>3</sup> The returns of the MSCI World Total Return Index since inception for each applicable series are: Series O 11.31 and Series Private Wealth 11.82.

## Summary of Investment Portfolio

as at March 31, 2021

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](http://www.sedar.com).

### Summary of Top 25 Holdings

	% of net asset value
Apple Inc.	2.0
Microsoft Corp.	1.7
Cisco Systems Inc.	1.5
Hong Kong Exchanges and Clearing Ltd.	1.4
Target Corp.	1.4
Oracle Corp.	1.4
Electronic Arts Inc.	1.3
The Kroger Co.	1.3
AutoZone Inc.	1.3
Nippon Telegraph & Telephone Corp.	1.3
Cummins Inc.	1.3
McKesson Corp.	1.3
Amazon.com Inc.	1.2
Gilead Sciences Inc.	1.2
AmerisourceBergen Corp.	1.2
The Bank of New York Mellon Corp.	1.2
Public Storage	1.2
KDDI Corp.	1.2
Koninklijke Ahold Delhaize NV	1.2
The Allstate Corp.	1.2
Novo Nordisk AS B	1.2
Visa Inc. Class A	1.1
Intel Corp.	1.1
International Business Machines Corp.	1.1
ITOCHU Corp.	1.1
	<b>32.4</b>

## Summary of Composition of the Portfolio

% of net asset value

BY ASSET TYPE	
Equities	97.7
Exchange Traded Funds	1.6
Cash and cash equivalents	0.7
<b>Total</b>	<b>100.0</b>

EFFECTIVE SECTOR ALLOCATION	
Health Care	18.8
Information Technology	17.6
Consumer Staples	11.8
Financials	11.6
Communication Services	11.2
Industrials	8.8
Consumer Discretionary	5.4
Materials	4.1
Real Estate	3.9
Utilities	3.2
Energy	2.8
Cash and cash equivalents	0.7
Other	0.1
	<b>100.0</b>

EFFECTIVE REGIONAL ALLOCATION	
United States	63.0
Europe ex U.K.	14.8
Japan	11.7
Pacific ex Japan	6.9
Middle East and Africa	1.1
Canada	1.1
United Kingdom	0.7
Cash and cash equivalents	0.7
	<b>100.0</b>

EFFECTIVE CURRENCY EXPOSURE	
United States dollars	62.2
Japanese yen	11.6
Swiss franc	6.8
Euro	5.0
Hong Kong dollars	4.6
Canadian dollars	3.2
Danish krone	2.1
Other	4.6
	<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 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<sup>1</sup>

<b>Series O</b> (in \$)	12 mo Mar. 31 2021	12 mo Mar. 31 2020	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017
<b>Net assets, beginning of period</b>	9.33	10.78	10.46	10.44	9.77
<b>Increase (decrease) from operations:</b>					
Total revenue	0.24	0.32	0.31	0.27	0.23
Total expenses	–	(0.01)	(0.01)	(0.01)	(0.03)
Realized gains (losses) for the period	(0.25)	0.14	0.36	0.42	0.15
Unrealized gains (losses) for the period	1.85	(1.42)	0.32	(0.05)	0.58
<sup>2</sup> <b>Total increase (decrease) from operations</b>	1.84	(0.97)	0.98	0.63	0.93
<b>Distributions:</b>					
From income (excluding Canadian dividends)	(0.23)	(0.29)	(0.27)	(0.19)	(0.18)
From Canadian dividends	(0.01)	(0.02)	(0.01)	(0.07)	(0.01)
From capital gains	–	(0.19)	(0.37)	(0.33)	(0.09)
Return of capital	–	–	–	–	–
<sup>3</sup> <b>Total annual distributions</b>	(0.24)	(0.50)	(0.65)	(0.59)	(0.28)
<b>Net assets at period end</b>	10.99	9.33	10.78	10.46	10.44

<b>Series Private Wealth</b> (in \$)	12 mo Mar. 31 2021	12 mo Mar. 31 2020	12 mo Mar. 31 2019	12 mo Mar. 31 2018	12 mo Mar. 31 2017
<b>Net assets, beginning of period</b>	10.00	n/a	n/a	n/a	n/a
<b>Increase (decrease) from operations:</b>					
Total revenue	0.10	n/a	n/a	n/a	n/a
Total expenses	–	n/a	n/a	n/a	n/a
Realized gains (losses) for the period	(0.38)	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the period	0.80	n/a	n/a	n/a	n/a
<sup>2</sup> <b>Total increase (decrease) from operations</b>	0.52	n/a	n/a	n/a	n/a
<b>Distributions:</b>					
From income (excluding Canadian dividends)	(0.06)	n/a	n/a	n/a	n/a
From Canadian dividends	–	n/a	n/a	n/a	n/a
From capital gains	–	n/a	n/a	n/a	n/a
Return of capital	–	n/a	n/a	n/a	n/a
<sup>3</sup> <b>Total annual distributions</b>	(0.06)	n/a	n/a	n/a	n/a
<b>Net assets at period end</b>	10.46	n/a	n/a	n/a	n/a

<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. 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 2 of the Fund's Financial Statements.

<sup>2</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>3</sup> Distributions were paid in cash, reinvested in additional securities of the Fund, or both.

## Ratios and Supplemental Data

Series O (in \$)	12 mo	12 mo	12 mo	12 mo	12 mo
	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018	Mar. 31 2017
<sup>1</sup> Total net asset value (\$000's)	111,105	93,433	65,221	46,161	30,148
<sup>1</sup> Securities Outstanding (000's)	10,112	10,014	6,050	4,415	2,889
<sup>2</sup> Management expense ratio (%)	–	–	–	0.01	0.05
<sup>2</sup> Management expense ratio before waivers or absorptions (%)	–	–	–	0.01	0.05
<sup>3</sup> Trading expense ratio (%)	0.02	0.07	0.06	0.09	0.25
<sup>4</sup> Portfolio turnover rate (%)	73.63	–	84.83	78.43	172.94

Series Private Wealth (in \$)	12 mo	12 mo	12 mo	12 mo	12 mo
	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018	Mar. 31 2017
<sup>1</sup> Total net asset value (\$000's)	1	n/a	n/a	n/a	n/a
<sup>1</sup> Securities Outstanding (000's)	–	n/a	n/a	n/a	n/a
<sup>2</sup> Management expense ratio (%)	0.17	n/a	n/a	n/a	n/a
<sup>2</sup> Management expense ratio before waivers or absorptions (%)	0.17	n/a	n/a	n/a	n/a
<sup>3</sup> Trading expense ratio (%)	0.02	n/a	n/a	n/a	n/a
<sup>4</sup> Portfolio turnover rate (%)	73.63	n/a	n/a	n/a	n/a

<sup>1</sup> This information is provided as at the end of the fiscal period shown.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</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.

## 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 <sup>3</sup> (%)
Series O <sup>1</sup>	January 7, 2016	–	–	–
Series Private Wealth <sup>2</sup>	October 19, 2020	–	–	0.15

<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 One Program offered by IPC Securities and agree to pay certain asset-based fees.

<sup>3</sup> Counsel may, at its discretion, waive or lower the administration fee payable by investors.

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