



# OUTCOME CANADIAN EQUITY INCOME FUND

## Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 416-687-6680 (collect), by writing to us at 1 Richmond Street West, Suite 903, Toronto, ON Canada M5H 3W4 or by visiting our website at [www.outcomewm.com](http://www.outcomewm.com) or SEDAR 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 the six-months ended June 30, 2023 (Unaudited)

Outcome Metric Asset Management LP  
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## **Forward-Looking Statements (“FLS”)**

The interim Management Report of Fund Performance may contain forward-looking statements. FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and includes any future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of one of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus. Investors are also cautioned that FLS is based on a number of factors and assumptions, including a Fund’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

# **OUTCOME CANADIAN EQUITY INCOME FUND**

## **MANAGEMENT REPORT OF FUND PERFORMANCE**

(Expressed in Canadian dollars)

### **Management Discussion of Fund Performance for the six-months ended June 30, 2023**

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This interim Management Report of Fund Performance represents the portfolio management team's view of the significant factors and developments affecting the investment fund's performance and outlook for the six-months ended June 30, 2023, the investment fund's interim period. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the investment fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Funds' Simplified Prospectus ("Prospectus"). In this report, "Manager", refers to Outcome Metric Asset Management Limited Partnership., the Manager of the Fund. The "Fund" refers to the Outcome Canadian Equity Income Fund. In addition, "net asset value" or "NAV" refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based. All dollar figures are reported in Canadian dollars and are expressed in millions, unless otherwise indicated.

#### **Investment Objective and Strategies**

The Fund's investment objective is to provide a higher yield than the TSX Composite Index while maximizing total investment return and attempting to preserve capital during bear markets through diversification across a broad range of securities. The fund intends to achieve its investment objective by investing in dividend paying securities listed on the Toronto Stock Exchange.

The Manager uses a 100% systematic, algorithmically driven, rules-based process to construct the portfolio. The TSX is screened for equity securities that have stable and growing dividend payments, must not have cut their dividends in the past five years and have increased dividends in at least three of the past five years. The remaining stocks are then weighted according to a nonlinear ratio of their respective dividend yields to their respective volatilities. Individual stocks are capped at 5% and sector weights are capped at 25% of NAV at the time of investment. The portfolio is rebalanced on a semi-annual basis and, to the extent available, pays quarterly distributions. The Manager will not invest the Fund's portfolio in foreign securities unless such securities are listed for trading on the TSX. No more than 10% of NAV will be invested in foreign securities.

#### **Risk**

The risks associated with investing in the Fund remain as discussed in the simplified Prospectus. The Fund is suitable for investors looking for a medium level of risk that is based on a research-driven, concentrated portfolio of Canadian Companies with a medium to longer term investment horizon.

For the six-months ended June 30, 2023, there were no changes affecting the overall level of risk associated with an investment in the Fund. Therefore, the overall level of Fund risk and investor risk tolerance remains as stated in the Prospectus.

#### **Results of Operations**

From May 1, 2023 to June 30, 2023, the Fund's net assets increased from 25.2 million to \$30.1 million. The Fund had net sales of \$6.8 million during the period, consisting of \$8.2 million in subscriptions and \$1.4 million in redemptions, with performance decreasing assets by \$1.2 million. The Fund paid distributions totaling \$152,000.

Series A units returned -3.4% after fees and expenses for the two-month period ended June 30, 2023. Over the same time period, both the TSX Composite Index and the TSX Dividend Aristocrats Index (the Fund's benchmarks) each declined 1.8%.

The performance of the Fund's other Series is substantially similar to that of Series A units, except for differences in the structure of fees and expenses.

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The largest positive contributors to Fund performance were Finning International, which rose 16.8%, Open Text Corporation, which gained 8.0%, and CCL Industries Inc., which rose 2.6%. The largest detractors from performance were Saputo Inc., which declined 14.9%, Agnico Eagle Mines Limited, which declined 13.2%, and George Weston Limited, which declined 13.5%.

In terms of sectors, the largest positive contributors were the distribution and technology services sectors, while the sectors which most detracted from the portfolio's returns were the non-energy minerals and consumer non-durables sectors.

An overweight position in Finning International Inc. detracted from the Fund's performance as its shares performed poorly amid recessionary concerns, which impacted demand for the company's equipment.

We added a new position in The Toronto-Dominion Bank to the Fund and increased an existing holding in Royal Bank of Canada. NextEra Energy Inc. was eliminated from the Fund, while a position in Algonquin Power & Utilities Corp. was trimmed.

### Recent Developments

The Fund's portfolio was rebalanced at the end of June in accordance with its stated algorithmically driven, rules-based investment process.

The rebalancing highlights include a decrease in portfolio risk/beta from 0.82 to 0.74. Additions to the portfolio include Cogeco Communications, Inc., Centerra Gold Inc., Kinross Gold Corporation, Tourmaline Oil Corp., SmartCentres REIT, and West Fraser Timber Co. Ltd. The portfolio also liquidates its positions in Lundin Mining Corporation, Brookfield Corporation, Wheaton Precious Metals Corp., and Barrick Gold Corporation.

From a sector exposure perspective, the portfolio weighting in consumer services, communications, and retail companies was increased, while its allocation to industrial services and distribution services stocks was reduced.

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## MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in Canadian dollars)

### Management Discussion of Fund Performance for the six-months ended June 30, 2023

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#### Related Party Transactions

##### Management fees:

The Fund pays the Manager a monthly management fee for providing their services to the Fund. Redeemable units of the class are charged annual management fees equal to the percentages of the class NAV of the said class of the Fund, calculated and accrued on each Valuation Date and payable monthly in arrears as of the last business day of each month:

- Class A: 0.95% per annum
- Class B: 0.90% per annum
- Class C: 0.85% per annum
- Class D: 0.80% per annum
- Class E: 0.75% per annum
- Class F: 0.70% per annum
- Class G: 0.65% per annum

##### Expense Reimbursement:

During the six-months ended June 30, 2023, the Manager has absorbed \$35,617 (June 30, 2022 - \$14,479) of the Fund's expenses and \$9,546 are receivable from the Manager in respect of expense reimbursements, as at June 30, 2023 (December 31, 2022 - \$32,788).

As at June 30, 2023, in addition to the reimbursement receivable \$nil (December 31, 2022 - \$216), is due from the Manager in respect of expense payments.

# OUTCOME CANADIAN EQUITY INCOME FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in Canadian dollars)

### Management Discussion of Fund Performance for the six-months ended June 30, 2023

#### Financial Highlights

The following tables show selected key financial information about the Class A, Class B, Class C, Class D, Class E, Class F, and G units of the Fund, respectively, and are intended to help you understand the Fund's financial performance.

	June 30, 2023						
	Class A	Class B	Class C	Class D*	Class E*	Class F*	Class G*
<b>Net assets attributable to holders of redeemable units, beginning of period <sup>(1)</sup></b>	<b>\$10.98</b>	<b>\$10.18</b>	<b>\$12.20</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>							
Total revenue	0.20	0.12	0.23	0.13	0.14	0.14	0.13
Total expenses	(0.07)	(0.06)	(0.07)	(0.04)	(0.03)	(0.03)	(0.03)
Realized gain (loss) for the period	0.11	0.02	0.12	0.08	0.09	0.10	0.08
Unrealized gain (loss) for the period	0.36	1.42	0.26	(0.14)	(0.14)	(0.18)	(0.14)
<b>Total increase in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>0.60</b>	<b>1.50</b>	<b>0.54</b>	<b>0.03</b>	<b>0.06</b>	<b>0.03</b>	<b>0.04</b>
<b>Distributions:</b>							
From income (excluding dividends)	(0.10)	(0.00)	(0.13)	(0.10)	(0.11)	(0.11)	(0.11)
From dividends	-	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-
<b>Total Distributions <sup>(2) (3)</sup></b>	<b>(0.10)</b>	<b>(0.00)</b>	<b>(0.13)</b>	<b>(0.10)</b>	<b>(0.11)</b>	<b>(0.11)</b>	<b>(0.11)</b>
<b>Net assets attributable to holders of redeemable units, end of period <sup>(2)</sup></b>	<b>\$11.48</b>	<b>\$10.64</b>	<b>\$12.76</b>	<b>\$9.93</b>	<b>\$9.93</b>	<b>\$9.94</b>	<b>\$9.93</b>
<b>Ratios and Supplemental Data</b>							
Total Net Asset Value <sup>(4)</sup>	\$11,963,268	\$96,616	\$5,432,675	\$1,080,717	\$7,877,709	\$1,768,979	\$2,858,171
Number of units outstanding <sup>(4)</sup>	1,041,759	9,078	425,691	108,817	792,984	178,005	287,845
Management expense ratio <sup>(5)</sup>	1.27%	1.10%	1.06%	1.13%	1.07%	1.03%	0.91%
Trading expense ratio <sup>(6)</sup>	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Portfolio turnover rate <sup>(7)</sup>	36.81%	36.81%	36.81%	36.81%	36.81%	36.81%	36.81%
<b>Net Asset Value per Unit</b>	<b>\$11.48</b>	<b>\$10.64</b>	<b>\$12.76</b>	<b>\$9.93</b>	<b>\$9.93</b>	<b>\$9.94</b>	<b>\$9.93</b>

\* The class is for the period from February 17, 2023 (inception date of the series) to June 30, 2023

#### Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2023 and is not a reconciliation of beginning and ending net assets per unit.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (4) This information is provided as at June 30, of the period shown, as applicable.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period. Included in the trading expense ratio are the forward fees.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the units in its portfolio once in the course of the period. The higher a funds' portfolio turnover rate in the 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 turnover rate and the performance of a fund.

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## MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in Canadian dollars)

### Management Discussion of Fund Performance for the six-months ended June 30, 2023

The following table shows selected key financial information about the Fund and is intended to assist in the understanding of the Fund's financial performance for the six-months ended June 30, 2023

#### Portfolio Composition

<b>Sector Allocation</b>	<b>% of Net Asset Value</b>
Basic Materials	11.64%
Communications	18.69%
Consumer, Cyclical	0.74%
Consumer, Non-cyclical	16.23%
Energy	8.19%
Financial	11.43%
Industrial	15.22%
Technology	3.25%
Utilities	11.59%
Cash and cash equivalent	0.39%
Other assets and liabilities	2.63%
<b>Total Portfolio Allocation</b>	<b>100.00%</b>
<b>Total Net Assets Value</b>	<b>\$31,078,135</b>

#### Top 25 Holdings

<b>Issuers</b>	<b>% of Net Asset Value</b>
<b>LONG POSITIONS</b>	
Quebecor Inc.	4.72%
Cogeco Communications Inc.	4.70%
Toromont Industries Ltd.	4.69%
CCL Industries Inc.	4.64%
BCE Inc.	4.64%
TELUS Corp.	4.63%
Saputo Inc.	4.62%
Canadian National Railway Co.	4.46%
George Weston Ltd.	3.88%
Empire Co., Ltd.	3.87%
Metro Inc.	3.86%
Open Text Corp.	3.25%
Cash And Other Net Assets	3.02%
Hydro One Ltd.	2.83%
Centerra Gold Inc.	2.79%
Agnico Eagle Mines Ltd.	2.76%
Kinross Gold Corp.	2.72%
Emera Inc.	2.68%
Canadian Apartment Properties REIT	2.58%
TMX Group Ltd.	2.56%
B2Gold Corp.	2.55%
Fortis Inc.	2.30%
Intact Financial Corp.	2.10%
Tourmaline Oil Corp.	1.72%
TC Energy Corp.	1.60%
<b>Total % of Net Asset Value Represented by Holdings</b>	<b>84.17%</b>

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.