

Counsel Short Term Bond Series I

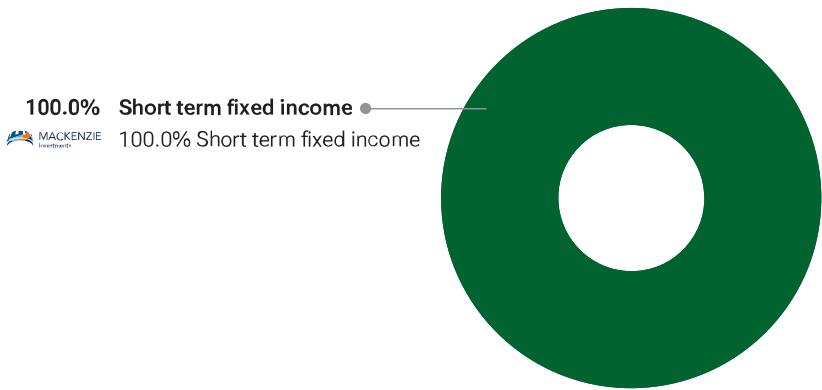
July 31, 2025

The fund seeks a moderate level of income while preserving investment capital and liquidity by investing in a diversified fund of primarily Canadian fixed-income securities, either directly or through securities of other mutual funds.

Is this portfolio right for you?

- Designed to provide a moderate level of income while preserving investment capital and liquidity.
- Offers exposure to a diversified portfolio of debt obligations issued by Canadian federal and provincial governments, debt obligations of Schedule 1 Canadian banks, loan or trust companies and corporations where obligations have a term to maturity of less than five years.
- Monthly distributions.

Neutral portfolio allocation¹



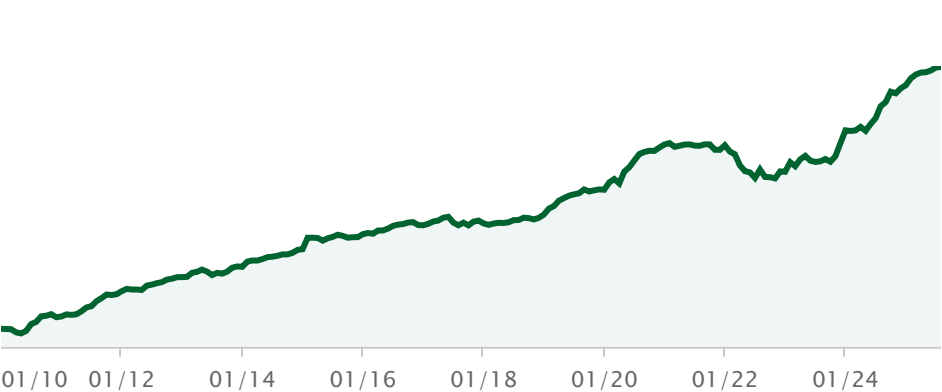
Annualized performance (%)

Period	1 mth	3 mths	6 mths	1 yr	3 yr	5 yr	10 yr	Inception return
Series I	0.1	0.7	1.5	5.3	4.8	2.4	2.4	2.7

Performance (%) calendar year returns

Period	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Series I	2.5	1.4	0.3	1.4	3.9	6.9	-0.1	-3.8	6.1	6.3	2.4

Historical performance (%) Current value of \$10,000



Key data

Fund type	Canadian Short Term Fixed Income
Fund code	CGF539
Inception date	January 14, 2010
Mgmt. fee	0.45%
Admin. fee	0.15%
MER	0.17%

Distribution frequency

Income	Monthly
Capital gains	Annual
Distributions	\$0.33

Distributions represent the annual distributions paid during 2024

Risk tolerance

Low

Portfolio characteristics

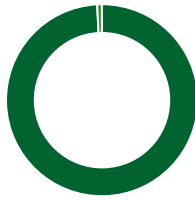
Dividend yield	3.7%
Yield to maturity	3.4%
Duration (years)	2.6
Average credit rating	A

Investment

Min.	Subsq.	RRSP eligible
\$500	\$100	Yes

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How the fund is invested² as at May 31, 2025



Asset allocation	(%)	Geographic allocation	(%)	Sector allocation	(%)
Domestic Bonds	88.1	Canada	99.2	Fixed Income	88.9
Cash and Equivalents	11.1	United States	0.8	Cash and Cash Equivalent	11.1
Foreign Bonds	0.8				

Top holdings

Effective holdings	(%) of NAV
Quebec Province 2.30% 01-Sep-2029	5.7
Canada Government 3.25% 01-Sep-2028	5.5
Alberta Province 2.05% 01-Jun-2030	3.5
Quebec Province 2.75% 01-Sep-2028	3.2
CAD Term Deposit #2431	3.1
Ontario Province 3.40% 08-Sep-2028	3.1
Canada Government 3.50% 01-Sep-2029	3.0
Sun Life Financial Inc 2.80% 21-Nov-2028	2.6
Canada Housing Trust No 1 1.95% 15-Dec-2025	2.2
Ontario Province 4.00% 08-Mar-2029	2.2

Credit Rating

AAA	AA	A	BBB	BB	B and below
2.6	50.7	20.7	25.0	1.0	0.0

Term to maturity: Bonds only (%) in years

< 1	1 - 5	5 - 10	10 - 20	> 20
10.2	66.3	18.8	0.1	4.6

Why Invest with Counsel Portfolios

Our Portfolio Management team builds and maintains our portfolios based on in-depth analysis to align to a broad range of investor risk profiles. We take an unbiased approach when choosing our money managers by incorporating a proprietary and disciplined methodology for researching and selecting independent asset managers from across the globe. Each manager is monitored and held accountable to their mandate to help ensure our investors have the best chance at achieving their financial goals.

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Q2 2025 Fund Commentary

Market Commentary

The second quarter of 2025 began with the U.S. administration's announcement of new tariffs, which led to a sharp decline in riskier assets. Investment-grade credit spreads (the difference in yield between bonds of similar maturity but different credit ratings) rose and U.S. equities fell. However, spreads subsequently fell and U.S. equities rose as tariffs were soon paused. Investors continued to watch U.S. policy announcements in an attempt to understand the administration's policy goals.

In both the U.S. and Canada, jobs markets were steady, and the anticipated increase in inflation was not realized.

Canadian two-year bond yields rose 15 basis points (bps) as expectations for Bank of Canada interest-rate cuts fell. Five-year yields rose by a similar amount, while 10-year yields rose 34 bps and 30-year yields rose 37.5 bps. The Canadian federal government announced increased defence and infrastructure spending, some or all of which was expected to be deficit-financed.

In the U.S., two-year yields fell 16 bps as speculation of possible U.S. Federal Reserve Board interest-rate cuts increased. Five-year yields fell 13 bps, while 10-year yields rose 6 bps and 30-year yields rose 24 bps. The net effect was a narrowing of the wide spread between the Canadian and U.S. yield curves.

Performance

Relative exposure to Province of Quebec (2.3%, 2029/09/01) was negative for performance as provincial bonds underperformed because of rising yields.

At the sector level, overweight exposure to corporate bonds had a positive impact on the Fund's performance, particularly in financials. Exposure to provincial bonds had a negative impact on performance. As yields rose, provincial bonds fell, underperforming federal bonds.

Portfolio Activity

The sub-advisor added National Bank of Canada (floating-rate note, 2028/08/15) to the Fund based on its attractive yield and low interest-rate risk. Government of Canada (3.25%, 2028/09/01) was increased for its strong liquidity and low credit risk, and for its defensive characteristics amid macroeconomic uncertainty. (Defensive securities are generally less sensitive to changes in the economy.)

Canadian Western Bank (3.859%, 2025/04/21) was sold as it reached its maturity date.

Outlook

In the sub-advisor's view, investors seem largely unconcerned about the uncertainty around U.S. policy action and what it might mean for Canada. That may continue, but the sub-advisor anticipates some fragility in the market. It is not certain what trade deals could be announced, in the sub-advisor's view, and what effect they could have on the U.S. and Canadian economies.

At quarter end, U.S. tariffs on Canada exempted goods compliant with the United States-Mexico-Canada Agreement. This accounts for about 85% of the trade between the two countries.

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The sub-advisor believes it is likely that the Canadian and U.S. economies will continue to move in tandem. However, the sub-advisor also anticipates a convergence in bond yields between the two economies. Longer-term U.S. yields were close to 5% at quarter end. The sub-advisor will be watching to see if these move higher, as higher yields impact all riskier assets.

The sub-advisor is cautious about the valuation of corporate bonds given the uncertain tariff impact on the Canadian economy. The sub-advisor expects that high yield levels, positive funds flow and a lack of supply should keep credit spreads tight.

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Note: Occasionally, a negative value may be reported for Cash holdings that reflects the sale of securities and/or redemption transactions that have not settled at month end.

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