PALOS

2022 ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

PALOS EQUITY INCOME FUND

FOR THE ANNUAL PERIOD ENDED DECEMBER 31, 2022

Portfolio Manager
Palos Management Inc. ("Palos")

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This annual management report of fund performance ("MFRP") contains financial highlights, but does not contain complete annual financial statements of the Palos Equity Income Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-514-397-0188 or toll free 1-855-PALOS-88 (1-855-725-6788), by writing to us at Palos Equity Income Fund, Investor Relations, 1 Place Ville-Marie, Suite 1670, Montréal, Québec H3B 2B6 or by visiting our website at www.palos.ca or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

This management discussion of Fund performance represents the management's view of the significant factors and developments affecting the Fund's performance and outlook. The Fund is a mutual fund managed and advised by Palos Management Inc. (the "Manager").

Investment Objective and Strategies

The Fund's objective is to provide long-term capital growth, attractive and steady income, and deliver trading-enhanced returns.

To achieve its objective, the Fund invests primarily in Canadian income-paying securities, such as equity securities of Canadian issuers that pay dividends or selected debt obligations that pay interest.

The primary investment strategy employed by the Fund is to apply qualitative, quantitative and comparative research in order to build and manage a portfolio of select high-grade and undervalued dividend-paying equity securities and income-paying debt securities. This core portfolio of securities currently represents approximately 90% of the Fund's portfolio. The Fund holds no more than 25% of non-Canadian securities.

The debt investments held in the Fund are often convertible debentures. Convertible debentures are debt securities that the holder can convert into common stock of the issuing company (or cash at an equivalent value) at a predetermined price. In selecting fixed income securities for the Fund (whether convertible or non-convertible), the Manager considers factors such as the debenture's yield, risk of interest rate fluctuation, credit risk, the issuer's capital structure, credit spread (i.e. the difference between the yield offered by the debenture and by a predetermined risk-free bond, such as Bank of Canada treasury bills with a similar maturity) and the duration (the weighted average of the time periods until the debenture's cash flows are received by the Fund, which measures the debentures's price sensitivity to its yield). Typically, the Manager seeks out bonds or debentures with a high yield compared to their credit risk and relatively low duration. However, the Fund's overall debt portfolio may include bonds or debentures that are outside these parameters, depending on the components of the remainder of the portfolio, and whether the bond has other features, such as a convertibility feature. When evaluating convertible debentures, the Manager engages in an analysis using the above factors, and also includes an analysis of features particular to convertible debentures, such as clauses, the volatility of the underlying stock, and the amount of time left until the conversion feature expires. In valuing a convertible debenture, therefore, the Manager engages in an analysis of the underlying stock volatility, the features of the particular debenture, and a traditional analysis of the fixed income portion that takes into account the firm's credit profile, the ranking of the convertible within the capital structure, the bond's duration, and yield.

Essentially, the Manager calculates the value of a convertible debenture by calculating the present value of future interest and principal payments discounted at the cost of debt and adding the present value of the convertible component. The Manager then engages in a qualitative and quantitative analysis of a variety of factors, including the debenture's duration, its credit risk, the firm's corporate management, macroeconomic factors, including the likelihood of fluctuations in prevailing interest rates, and any particular clauses inherent in the convertible feature of the debenture.

In some cases, the Manager's motivation for purchasing a convertible debenture is to be able to engage in merger arbitrage (i.e. to make an educated guess about a company's likelihood of being purchased by another company at a price that is at a premium to the prevailing market price of the first company). Buying a convertible debenture may allow the Fund to gain exposure to an issuer or to its securities that it might not otherwise be able to based on the Fund's investment parameters and restrictions. For example, because a convertible debenture pays an interest income, it may be an appropriate investment to hold in the Fund's portfolio, even if the underlying stock would not, on its own, be an acceptable investment. However, the Fund can purchase the convertible debenture and benefit from the coupon payments, while at the same time waiting for a merger to occur.

In selecting equity investments for the Fund, the Manager focuses on companies that, in its judgment, provide good value. The Manager believes that good value companies are likely to experience capital appreciation and/or increases in distributions to investors, and that these companies tend to have significant potential for growth of cash flow, increases of dividend distribution, and stock buybacks.

In making the determination of what companies' stock present good value, the Manager typically focuses on a variety of financial ratios and metrics that provide relative points of reference that are transferable across companies and industries. The Manager primarily considers six financial ratios: earnings yield spread, debt vs. EBITDA, cash per share, return on equity, price to earnings (P/E ratio), and free cash flow yield.

Earnings Yield

The earnings yield is the earnings per share for the most recent period (typically twelve months) divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company. The Manager considers the differential between the earnings yield compared to the stock price versus the US Treasury Bond yield, sometimes called the earnings yield spread. A wide earnings yield spread represents good value, particularly as compared to bonds, and therefore presents a buying opportunity for the Manager.

Debt to EBITDA

The Manager also considers a company's debt as a percentage of its earnings before interest, taxes, depreciation and amortization or EBITDA. A low ratio indicates that the company is able to repay its debt and/or to take on additional debt, thus allowing it to finance expansion of operations or share buybacks. Conversely, a high debt/EBITDA ratio suggests that a firm may not be able to repay debt and interest as it comes due, which could potentially lead to a restructuring and/or bankruptcy of the company.

Cash per Unit

Cash per unit (sometimes known as free cash flow per share) is determined by dividing free cash flow by the total number of units outstanding. It is a measure of a company's financial flexibility. More free cash flow allows a company to engage in a variety of transactions, such as repaying debt, paying and increasing dividends, buying back stock and facilitating the growth of the business. The amount of free cash flow per unit can also be used to give a preliminary prediction concerning future share prices. For example, when a firm's unit price is low and free cash flow is on the rise, the Manager believes that this is a positive indicator that earnings and share value will soon increase, because a high cash flow per share value means that earnings per share could potentially be high as well.

Return on Equity

Return on equity (sometimes known as return on net worth) is the amount of net income returned as a percentage of unitholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money unitholders have invested in common stock (preferred stock is generally excluded, as are the dividends paid on that stock). Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.) Unitholder's equity does not include preferred shares. The Manager uses return on equity to compare the profitability of a company to that of other firms in the same industry. If a given company's return on equity is particularly high compared to its peers, then the company may present good value and therefore may be a good buying opportunity.

Price to Earnings

Price to earnings, or P/E, is one of the most commonly used financial ratios. In general, a high P/E suggests that the market is expecting higher earnings growth in the future compared to companies with a lower P/E. However, a high P/E ratio may also imply that a company is overvalued. The Manager focuses on companies with low P/E ratios because a low P/E ratio implies that a significant component of the company's stock price is comprised of earnings, rather than market expectations for future growth. The Manager also recognizes that it is impossible to base a decision on the P/E ratio alone. The denominator (earnings) is based on an accounting measure of earnings that is susceptible to forms of manipulation, making the quality of the P/E only as good as the quality of the underlying earnings number.

Free Cash Flow Yield

The free cash flow yield is a measure of the free cash flow per unit a company is expected to earn against its market price per unit. As compared to the price to earnings ratio, the free cash flow yield is a more standardized measure that eliminates many of the problems involved in evaluating the quality of the earnings as reported by a company. Because free cash flow takes into account capital expenditures and other ongoing costs a business incurs to keep itself running, the Manager believes that the free cash flow yield is a more accurate representation of the returns shareholders receive from owning a business compared to the price to earnings ratio. In selecting equity investments, the Manager considers other factors beyond the financial ratios described above. The Manager also considers macroeconomic factors such as currency exchange rates, consumer demand, taxation policy, geopolitical factors that could affect commodity prices, and the quality of corporate management. The Manager recognizes that equity prices can be affected by a huge variety of factors, and that investing requires knowledge of a wide variety of disciplines. The Manager seeks to consider all of these factors while remaining focused on its core value investment philosophy.

In addition to the primary strategy, the Manager seeks to enhance returns through the following five targeted, short-term secondary trading strategies:

1. Pair trading, whereby the Manager identifies a security that is either undervalued or overvalued, and purchases (or sells) the security and simultaneously takes the opposite action with regards to the security's index. For example, the Manager might identify the common equity of Bank ABC as being overvalued. The Manager would borrow a quantity of Bank ABC common equity and sell it "short", while simultaneously buying a security that represents an index in which Bank ABC is a component. This strategy effectively eliminates market risk from the pair trade;
2. Syndication trading, whereby the Manager invests in securities being offered in the market for the first time, while simultaneously selling the index "short". New issues are typically underpriced by a small amount in order to encourage investors to purchase the security. This strategy effectively eliminates market risk from the investment in the new issue;
3. Merger arbitrage, whereby the Manager trades in the equity of an acquirer in a merger while simultaneously taking the opposite action with regards to the security's index. The actual trade will depend on the Manager's view of whether the transaction is likely to be completed;
4. Statistical pair trading, whereby the Manager identifies securities that historically trade in tight correlation but that, for some reason, have become uncorrelated. The actual trading strategy will depend on the nature of the uncorrelation; and
5. Dividend capturing, whereby the Manager purchases a security just prior to the ex-dividend date and sell the security just after the dividend is paid. This strategy locks in a dividend payment while limiting risk.

The Fund may use derivatives only as permitted by securities regulations to earn additional income for the Fund. These transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieve the Fund's investment objectives and to create additional income for the Fund.

The Fund has obtained regulatory relief in order to permit the Fund to engage in short selling. In determining whether securities of a particular issuer should be sold short, the Manager uses the same analysis that is described above for deciding whether to purchase the securities. The Fund will engage in short selling as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value.

The Fund may temporarily buy or sell exchange traded funds in order to mitigate systematic risk relating to the Fund's investment strategies. These funds will not be managed by the Manager, an affiliate or associate of the Manager. At no time will the Fund's interest in any one exchange traded fund be more than 10%. The selection criteria employed by the Manager in respect of the exchange traded funds will be limited to specific funds corresponding to the applicable syndication trading or merger arbitrage investment strategy being implemented.

Risk

The overall risks of investing in the Fund are as discussed in its simplified prospectus. There were no material changes to the Fund over the review period that affected the overall level of risk of the Fund.

This Fund is suitable for an investor with a medium to long-term investment horizon, who has a need for quarterly income and who wishes to add appreciation potential of equity security to his or her portfolio and can accept a moderate degree of risk.

Results of Operations

At December 31, 2022, the Palos Equity Income Fund Series A (PAL101) posted a total return per unit of -8.8% for the full year, net of fees and expenses. Series F, (PAL102) generated a return per unit of -8.0%. Please refer to the "Past Performance" section for the details on returns by series. Performanamece differences between each series of fund units is mostly attributable to whether the fund is classed on an "advisory" basis (Series A) or a "discretionary" basis (Series F). As per standard industry practice and rules established by regulators, management fees are commonly differentiated by class.

The fund's benchmark is the S&P/TSX Composite Total Return Index. This index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange which is the Toronto Stock Exchange (TSX). The S&P/TSX Composite Total Return Index includes reinvested dividends and is used by investors to track the collective performance of the constituent companies in the index including dividends. Constituent companies must maintain strict liquidity and market capitalization requirements to be included in the index.

The S&P/TSX Composite Total Return Index, saw a decrease in market value of -5.8% for the twelve-month period ended December 31, 2022.

The total return per unit for the Palos Equity Income Fund Series A (PAL101), including distributions, was -8.8%. Both Series A and Series F slightly underperformed the benchmark which delivered a negative total return of -5.8%. It's important to note that the Palos Equity Income Fund (PAL101) maintains a target fixed income allocation of 10.0%. As of December 31, the fund's fixed income allocation was on target at 9.8%.

Sector Performance

The strongest performing sectors in Canada were energy at +31.1% and consumer staples with a +10.6% return. The industrials and the materials sectors had small increases of 1.85% and 3.9% respectively. The weakest sectors were health care at -60.8%, information technology at -50.6%, and real estate at -21.5%. Note that the Canadian health sector tends to be dominated by cannabis related companies whereas the U.S. health sector is more diversified.

In the energy sector, the fund saw outsized gains. The S&P/TSX Energy Index returned +55.6% including dividends. The fund's five largest energy holdings were Canadian Natural Resources Inc. +49.8%, Tourmaline Oil +88.3%, Topaz Energy +24.7%, Secure Energy Services Inc. +38.5%, and Tamarack Valley Energy Ltd. +18.8%. As of December 31, these five stocks accounted for an 8.6% weighting in the fund.

The information technology sector continued its most difficult year since the 2008 financial crisis. Tech stocks, which are generally regarded as growth stocks, were impacted by high interest rates and the potential for an economic slowdown. When rates rise, borrowing costs also rise and this usually impacts growth. E-commerce provider Shopify Inc., which at one point in 2021 became largest Canadian company in terms of market capitalization, was -73.0% in 2022. Payment's technology company Nuvei Corp. was -58.0% and Open Text Corp. was -31.4%.

Financials continue to be the fund's highest weighted sector. Bank of Montreal 5.2% weight, Royal Bank of Canada 4.2%, TD Bank 4.2%, and Bank of Nova Scotia 3.6% were the top four holdings. In 2022, returns for the S&P/TSX Banks sub-index was -9.3% including dividends. The economic slowdown and tighter financial conditions gave pressure to asset quality, growth prospects and funding mix. Although higher interest rates were a tailwind given improved net interest income, corporate appetite for new issues and M&A saw a headwind. Softer asset prices impacted revenues from wealth management as the market value of assets under management fell. We still believe Canadian banks are attractive given their reliable history of growing dividends and the relative safety of the Canadian bank sector.

In the second half we reduced our number of holdings. We lessened exposure to communication services by selling Quebecor Inc. and reduced exposure to real estate by selling positions in Canadian Net REIT and Nexus Industrial REIT. We believe tight monetary policies will continuously impact the sector.

Diversification

The fund remains well diversified across all eleven sectors with financials 22.2%, energy 18.0% and industrials 12.1% carrying the largest weightings. The fund held eighty-one different equities as of December 31. Fixed income exposure was 9.8% which was comprised of a 3.3% weighting in the iShares 1-to-5-year Laddered Government Bond ETF and a 3.3% weighting in the iShares 1-to-5-year Laddered Corporate Bond ETF. The fund also had a 3.2% weighting in convertible debentures. The laddered funds are exchange traded funds managed by BlackRock Asset Management Canada. These securities are structured to replicate staggered maturity portfolios in Canadian government bonds and corporate bonds.

Recent Developments

During 2022, performance across virtually all asset classes was negative. Prices in global equities, bonds, real estate, commodities, and digital currencies fell throughout most of the year as a global bear market took hold. The "culprits" are well known. Inflation rose at its highest rate since the 1980's as the "easy money" policies implemented during the pandemic came home to roost. The reaction from the U.S. Federal Open Market Committee (FOMC), aka the "Fed", was to aggressively raise interest rates with the intended outcome of reversing inflationary pressures. In theory, higher rates should soften asset prices, reign in consumers' appetites for spending, combat rapidly rising wages due to a robust job market (particularly in services), and the inflationary pressures due to too much liquidity in the system which in turn overheats the economy.

Beginning with an initial 0.25% increase in interest rates implemented at the Fed's March meeting, the Fed hiked rates an unprecedented seven consecutive times throughout 2022. This included four consecutive increases of 0.75% between its May to November meetings (the Fed meets 10 times each year). By the year's final Fed meeting held on December 15, interest rates rose from a target range of 0.25% to 0.50% in March to a target range of 4.25 to 4.50% by year end: a remarkable seventeen-fold increase!

Jerome Powell, Chair of the Fed, has been unanimously supported by his fellow voting members thus confirming their steadfastness in maintaining an aggressive interest rate policy. Powell has been clear: interest rates will remain high until economic data shows that inflationary pressures are under control. On a positive note, there were plenty of leading indicators during the fourth quarter that suggest prices have begun to fall. This includes energy, food, home prices, rent, used autos, industrial materials, and the cost of shipping. Despite the recent trends, the Fed's obsession remains centered on wage inflation due to a tight labour market. This may prove tougher to resolve as the workforce ages and job openings remain plentiful.

Inflation and interest rates weren't the only concerns. Russia's shocking attack on Ukraine elevated geopolitical uncertainty and created an energy crisis across Europe. Covid shutdowns in China persisted through the end of the year and a collapse in several digital currency platforms has investors taming their appetites for riskier assets. Uncertainty is plentiful and as regular readers of our newsletters know the markets loathe uncertainty. Finally, 2022 is in the history books and from an investor's point of view we say good riddance!

Markets continued to trade with significant volatility throughout the fourth quarter. However, unlike the first three quarters of the year, equity markets on both sides of the border showed greater resiliency. By the close of trading on December 30, the S&P/TSX Composite Index was higher by 5.1% for Q4. In the United States, the broad-based S&P500 Index was up by 7.1% and the blue-chip Dow Jones Industrials gained an impressive 15.4%. Reflective of weakness in growth stocks, the technology heavy NASDAQ Composite Index continued to underperform and tumbled 1.0%. Despite making new lows in mid-October, equities gained momentum over the final 10 weeks and although the final few weeks of December were impacted by tax loss selling, we welcomed the Q4 gains. We view this as encouraging news.

We believe there are reasons for optimism. Inflation-related data are beginning to send signals that the tide may be turning as inventories are rising, supply chain bottlenecks are easing, and several high-profile companies have announced layoffs. Energy prices are well off 2022 highs which is good news for households. If we use history is an indicator, a series of positive data points on peak inflation and/or falling bond yields should be bullish for equities. Commodities like copper, steel, lumber and industrial metals have fallen significantly since peaking in the spring 2022. Equally important is the need to pay attention to the tone of Fed comments as any shift to a dovish rather than a hawkish stance would imply that the Fed may change tactics.

Some final thoughts. Bear markets are a normal by-product of the economic cycle. They are to be expected but we must remain cognizant that they don't last forever. Bottoms occur without giving formal notice and history has shown us many times that the tide will turn in tandem with maximum bad news and rampant pessimism. Our expectation is that the current cycle will be little different from others. The fund's managers have decades of experience, and we remain confident that the first leg of the next bull market lies somewhere around the corner although trying to guess the precise time is in our view a fools errand. Maintaining discipline and a long-term view and actively managing risk are paramount.

Manager, Trustee and Portfolio Advisor

Palos Management Inc. is the manager and portfolio advisor of the Fund. Computershare Trust Company of Canada is the trustee of the Fund.

Custodian

NBIN Inc., a subsidiary of National Bank, is custodian of the Fund.

Registrar

SGGG Fund Services Inc. is the registrar of the Fund and keeps records of who owns the units of the Fund since July 1, 2016.

MANAGEMENT FEES

Management fees paid by the Fund are calculated monthly, based on 1/12th of the annualized management fee per series applied to the NAV per series as at the last business day of the preceding month.

Series	Trailer commissions (%)	Other (%)
A	0.75	0.75
F	0.00	0.75

Other – includes day-to-day administration of the Fund, portfolio advisory services and Manager's compensation

FINANCIAL HIGHLIGHTS
Series A

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 six years.

The Fund's Net Assets per Unit [1]	2022	2021	2020	2019	2018	2017
Net Assets, beginning of period	**$7.24**	**$6.38**	**$5.72**	**$5.35**	**$6.68**	**$6.38**
Increase (decrease) from operations:						
Total revenue	0.19	0.17	0.16	0.18	0.16	0.18
Total expenses	(0.19)	(0.20)	(0.15)	(0.17)	(0.16)	(0.16)
Realized gains (losses) for the period	0.10	0.82	0.20	0.01	0.27	0.40
Unrealized gains (losses) for the period	(0.73)	0.61	0.52	0.74	(1.20)	0.30
Total increase (decrease) from operations [2]	**(0.63)**	**1.40**	**0.73**	**0.76**	**(0.93)**	**0.72**
Distributions:						
From income (excluding dividends)	0.00	0.00	0.00	0.02	0.00	0.00
From dividends	0.00	0.01	0.01	0.00	0.00	0.00
From capital gains	0.04	0.54	0.01	0.00	0.23	0.34
Return of capital	0.06	0.00	0.08	0.38	0.17	0.06
Total Annual Distributions [3]	**0.10**	**0.54**	**0.10**	**0.40**	**0.40**	**0.40**
Net Assets, end of period	**$6.51**	**$7.24**	**$6.38**	**$5.72**	**$5.35**	**$6.68**

Ratios/Supplemental Data	2022	2021	2020	2019	2018	2017
Total Net Asset Value ($000's) [1]	20,332	22,005	17,924	17,011	15,862	19,092
Number of units outstanding (000's)	3,124	3,038	2,808	2,976	2,966	2,857
Management expense ratio [2]	2.64%	2.62%	2.66%	2.71%	2.52%	2.51%
Management expense ratio before waivers or absorptions	2.64%	2.62%	2.66%	2.71%	2.52%	2.51%
Trading expense ratio [3]	0.16%	0.18%	0.33%	0.18%	0.31%	0.29%
Portfolio turnover rate	67.39%	68.29%	97.73%	63.56%	91.30%	73.31%
Net Asset Value per unit	6.51$	7.24$	6.38$	5.72$	$5.35	$6.68

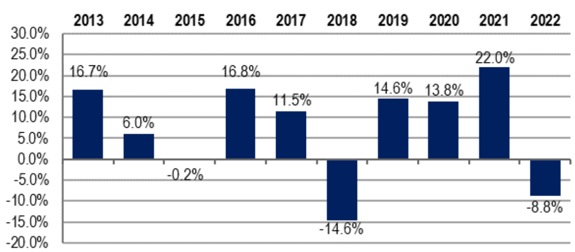
For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section

PAST PERFORMANCE

The following information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The following bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2022. The returns are compared against the S&P/TSX Composite Total Return Index over the same period.

Overall Portfolio	1 Year	3 Years	5 Years	10 Years	Since Inception
Series A Units - Overall	**-8.8%**	**8.2%**	**4.4%**	**7.1%**	**5.4%**
S&P/TSX Composite Total Return Index	-5.8%	7.5%	6.9%	7.7%	5.8%

FINANCIAL HIGHLIGHTS
Series F

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 six years.

The Fund's Net Assets per Unit [1]	2022	2021	2020	2019	2018	2017
Net Assets, beginning of period	**$7.77**	**$6.96**	**$6.17**	**$5.69**	**$7.03**	**$6.67**
Increase (decrease) from operations:						
Total revenue	0.21	0.19	0.18	0. 19	0.17	0.19
Total expenses	(0.14)	(0.16)	(0.12)	(0.13)	(0.11)	(0.16)
Realized gains (losses) for the period	0.12	0.91	0.15	0.01	0.28	0.45
Unrealized gains (losses) for the period	(0.85)	0.68	0.20	0.79	(1.28)	0.35
Total increase (decrease) from operations [2]	**(0.66)**	**1.62**	**0.42**	**0.86**	**(0.94)**	**0.83**
Distributions:						
From income (excluding dividends)	0.00	0.00	0.00	0.06	0.00	0.00
From dividends	0.00	0.00	0.02	0.00	0.00	0.00
From capital gains	0.05	0.78	0.01	0.00	0.23	0.38
Return of capital	0.05	0.00	0.07	0.34	0.17	0.02
Total Annual Distributions [3]	**0.10**	**0.78**	**0.10**	**0.40**	**0.40**	**0.40**
Net Assets, end of period	**$7.05**	**$7.77**	**$6.96**	**$6.17**	**$5.69**	**$7.03**

Ratios/Supplemental Data	2022	2021	2020	2019	2018	2017
Total Net Asset Value ($000's) [1]	6,436	7,723	7,252	8,509	9,040	11,160
Number of units outstanding (000's)	913	994	1,042	1,380	1,587	1,588
Management expense ratio [2]	1.78%	1.77%	1.81%	1.86%	1.67%	2.41%
Management expense ratio before waivers or absorptions	1.78%	1.77%	1.81%	1.86%	1.67%	2.41%
Trading expense ratio [3]	0.15%	0.19%	0.17%	0.19%	0.31%	0.32%
Portfolio turnover rate	67.39%	68.29%	97.73%	63.56%	91.30%	73.31%
Net Asset Value per unit	$7.05	$7.77	$6.96	$6.17	$5.69	$7.03

For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

PAST PERFORMANCE

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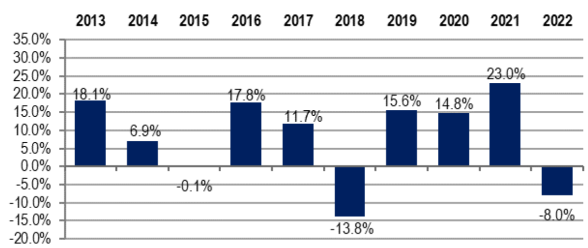
Year-by-Year Returns

The following bar chart show the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2022. The returns are compared against the S&P/TSX Composite Total Return Index over the same period.

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series F Units	**-8.0%**	**9.1%**	**5.3%**	**7.9%**	**7.8%**
S&P/TSX Composite Total Return Index	-5.8%	7.5%	6.9%	7.7%	5.8%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2022

Portfolio by Category

The major portfolio categories and top 25 holdings of the Fund at the end of the period are indicated in the following tables. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available.

Regional Weightings (%)	
Canada	100.0 %
United States	0.0 %
Total	100.00%

Sector Weightings (%)	
Consumer Discretionary	3.8 %
Consumer Staples	0.8 %
Energy	18.0 %
Financials	22.2 %
Health Care	1.8 %
Industrials	12.1 %
Info Tech	7.0 %
Materials	8.7 %
Communication Services	2.3 %
Utilities	6.0 %
Real Estate	7.2 %
Cash	0.3 %
Fixed Income	9.8 %
Total	100.00%

Portfolio Long/Short Breakdown (%)	
Long positions	99.7 %
Short positions	0.0 %
Cash	0.3 %
Total	100.00%

Asset Class Weightings (%)	
Common Stocks	89.9 %
Preferred Stocks	0.0 %
Fixed Income	9.8 %
Cash	0.3 %
Total	100.00%

Top 25 Holdings (%)	
Bank of Montreal	5.10%
Royal Bank of Canada	4.07%
The Toronto-Dominion Bank	4.07%
The Bank of Nova Scotia	3.46%
BMO Short Federal Bond Index ETF	3.33%
BMO Short Corporate Bond Index ETF	3.27%
Canadian Natural Resources Ltd	2.59%
TELUS Corp.	2.31%
National Bank of Canada	2.26%
Tourmaline Oil Corp.	1.69%
Canadian Pacific Railway Ltd	1.67%
Canadian National Railway Co.	1.59%
Teck Resources Ltd	1.54%
Topaz Energy Corp.	1.44%
Wheaton Precious Metals Corp.	1.42%
Secure Energy Services Inc.	1.36%
Tamarack Valley Energy Ltd	1.32%
Keyera Corp.	1.31%
InterRent Real Estate Investment Trust	1.22%
ADENTRA Inc.	1.22%
Parkland Corp.	1.19%
Magnet Forensics Inc.	1.17%
North American Construction Group Ltd 5.50% 30JUN2028 CONV. $24.75	1.17%
TFI International Inc.	1.14%
Northland Power Inc.	1.14%
Top 25 Holdings	52.05%

The total Net Asset Value of the Fund as at December 31, 2022 was $26,77 million.

EXPLANATORY NOTES TO FINANCIAL HIGHLIGHTS

Net Assets per Unit:

(1) This information is derived from the Fund's audited annual financial statements. Before 2012, the net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements. This difference was due to the fact that the net asset value calculated for Fund pricing purposes was based on the actual trade price, whereas the net assets per unit presented in the financial statements was based on the closing "bid" price, as was required by GAAP. In 2014, the financial statements changed accounting principle to IFRS and this discrepancy no longer exist, as the net asset value calculated for Fund pricing purpose is the same used in the IFRS financial statements. This changes was done restrospectivly to the 2013 and 2012 financials statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease in net assets from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of opening and closing nets assets per units.

(3) Distributions were paid in cash to unitholders who ask for cash payment. For the other unitlholders, the distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data:

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The prospectus and other information about the Fund are available at www.sedar.com.

For more information contact your investment advisor or:

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