

BAROMETER CAPITAL MANAGEMENT INC.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
for the six-month period ended June 30, 2017

Barometer Disciplined Leadership Tactical Income Growth Fund

(formerly, Barometer Disciplined Leadership High Income Fund)



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 may obtain a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1-866-601-6888, by writing to us at Barometer Capital Management Inc., Mutual Fund Account Documentation, 1 University Avenue, Suite 1800, P.O. Box 25, Toronto, Ontario M5J 2P1, or by visiting our website at www.barometercapital.ca or SEDAR at www.sedar.com. Unitholders 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.

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 Barometer Group of Funds (each a “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.

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2017

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 from December 31, 2016, the investment fund's fiscal year end, to June 30, 2017. 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 Barometer Group of Funds' Simplified Prospectus ("Prospectus") and Annual Information Form. In this report, "Barometer", "Manager", "Trustee", or "Portfolio Advisor" refers to Barometer Capital Management Inc., the Manager, Trustee and Portfolio Advisor of the Fund. The "Fund" refers to the Barometer Disciplined Leadership Tactical Income Growth Fund, (renamed effective January 2, 2016, formerly, Barometer Disciplined Leadership High Income Fund). The "Reference Fund" refers to the Barometer Global Tactical Yield and Equity Fund. The "Forward Agreement" refers to the forward deposit purchase agreement under which the Fund agreed to purchase a portfolio of securities (or portions thereof) from a counterparty. 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.

Results of Operations

During the six-month period ended June 30, 2017, Class A units returned 0.2% and Class F units returned 0.7%. The Fund's benchmark is a 50/50 blend of the FTSE TMX Canada Universe Bond Index and MSCI All Country World Index (CAD), returning 4.4% for the six-month period ended June 30, 2017. It is important to note that the Fund's return reflects the effect of fees and expenses for professional management, while the benchmark does not have such costs.

The net asset value of the Fund decreased by 17.1% from \$251.0 million on December 31, 2016, to \$214.4 million on June 30, 2017. This change was composed primarily of net redemptions of \$32.6 million along with a positive investment performance that resulted in an overall decrease in net asset value. The Fund also paid cash distributions of \$1.1 million during the period.

The Fund underperformed the blended benchmark by 4.2% and 3.7%, respectively, in part due to its exposure to the US dollar as the Canadian dollar appreciated. In addition, some sector exposures such as energy, consumer staples and materials detracted from performance while sectors that contributed positively did not provide sufficient contribution to match the benchmark performance.

2017 provided challenges that continued to shift market leadership. Despite a short-lived pause in some bellwether technology stocks, the first six-months of the year resumed a positive tone. For the most part, the market has discounted Trump's delayed and derailed reforms. Steady economic growth and strong earnings in the U.S. and Europe have taken over as the catalyst to buoy markets. Further, credit markets have continued to narrow, allowing companies to borrow and

refinance at lower rates than seen in years. This is indicative of the market confidence in lenders' low risk premiums.

While central banks outside the U.S. maintain easy monetary policies, the U.S. continues to move towards a normalized rate environment, which is supportive of a strengthening economic activity. This coupled with strong leading economic indicators, such as industrial production and ISM manufacturing numbers, point to continuing strength through the remainder of 2017.

With increases to the short end of the yield curve, pressure remains on the long end with a persistently large US balance sheet. If this balance sheet begins to shrink, which was alluded to in the May 2017 Federal Open Market Committee (FOMC) minutes, a steeper yield curve may create further opportunities in targeted sectors.

During the first half of 2017, the bifurcation of winners and losers has favoured technology, financials, industrials and now healthcare, which have been leading sectors in the market. Technology stocks have finally hit the levels of the year 2000, but this time with earnings and lower multiples, setting up further opportunities if earnings continue to expand. Traditional businesses continue to face disruption. Consumer discretionary companies like Amazon.com, Inc., which is classified as a consumer discretionary stock, have straddled over to the technology world and are changing the way the consumer purchases. This transformation is also being experienced within financial technology, providing further opportunities for consumers as well as for banks. Financials in the U.S. have also benefited from some rate normalization, low regulation and a strong domestic economy. Industrials, specifically defense companies, are seeing an increase in orders in the U.S. and around the world as the geo-political climate remains on high alert. Healthcare has emerged as a leading sector experiencing profit growth, and bio-technology firms are seeing robust product development.

Individually, the FTSE TMX Canada Universe and Maple Bond Index and MSCI All Country World Index (CAD) posted returns of 2.4% and 6.5%, respectively, with select sectors experiencing growth during the six-month period.

Throughout the first half of 2017, the Manager repositioned the Fund into different sectors which increased its exposure to the information technology, materials and healthcare sectors while reducing its exposure to the consumer staples, financial and energy sectors.

The Fund increased its exposure to the information technology sector to approximately 17.8% from 4.6% over the period, with the sector benefitting from strong results leading to positive inflow into the sector. Positions which had a positive impact on the Fund in this sector included Apple Inc. and Oracle Corporation which gained 21.0% and 11.9%, respectively.

The materials sector increased to approximately 11.7% from 5.5% over the six-month period, in part due to an increase in exposure to chemical companies. In addition, the Fund increased its exposure to the healthcare sector with stronger earnings and improved stock performance. Materials related positions such as Albemarle Corporation and healthcare related positions such as UnitedHealth Group Inc. had a positive impact

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2017

on the Fund's performance by 7.4% and 14.7%, respectively.

During the six-month period ending June 30, 2017, the Fund eliminated its exposure in the consumer staples sector, as a result of weak results and a market driven more by growth themes. In addition, the Fund reduced its exposure in the energy sector from 15.8% to 5.5% as a result of persistently weak energy prices. Energy related positions such as Inter Pipeline Ltd. and Pembina Pipeline Corporation had a negative impact on the Fund's performance by 4.9% and 2.1%, respectively.

Financials were also reduced to 12.9% from 33.7%, as many Canadian Banks were sold. Financial positions such as Toronto Dominion Bank had a negative impact on the Fund's performance by 1.8%.

The investment performance of the Fund includes income and expenses which vary year over year. The Fund's income and expenses changed compared to the previous year, mainly as a result of fluctuations in average net assets, portfolio activity, and changes in the Fund's investments.

Through a forward agreement, the Fund is exposed to the value of the investment portfolio of the Reference Fund. The Reference Fund underwent a similar repositioning as the Fund, exiting the consumer staples sector and reducing the exposure in the financial sector, while increasing positions in the information technology, materials and healthcare sectors.

Recent Developments

The Fund remains positioned to benefit from increased economic activity, as our risk models continue to point to US themes. This is supported by improving key economic indicators, combined with limited recessionary and inflationary indicators on the horizon. As the US economy continues to expand, the Federal Reserve looks to tighten monetary policy, while other major central banks are easing to boost economic activity. In addition, the Federal Reserve has begun to speak of a strategy to shrink its balance sheet, which in theory could steepen the yield curve and consequently provide further opportunities for select sectors. Looking at the remainder of the year, the backdrop for equities remains favourable, and the Fund, for now, continues to be focused on growth. As always, we monitor the Fund daily and are prepared to make the tactical adjustments required in light of any changes to our risk models.

Character Conversion – Tax Implication

The *Income Tax Act* (Canada) was amended by adding rules that remove the tax advantages of investment strategies that employ derivatives, such as a forward agreement, which would otherwise result in a conversion of ordinary income into capital gains. Under these rules, the return from the derivative forward agreement is treated as ordinary income (or loss) rather than capital gains (or capital losses). The rules apply to derivative forward agreements that were entered into before March 21, 2013 such as the Forward Agreement.

The rules contain provisions restricting certain amendments that can be made to a forward agreement as well as strict "growth limits". The Manager intends to manage the activities of the

Fund so that it will comply with the rules and does not currently expect any negative impact from these rules to apply to the Fund prior to the maturity of the Forward Agreement which is scheduled for March 5, 2018. The Fund does not anticipate any significant wind-up costs relating to the fund on the termination of the forward contract and has not accrued for these costs in the financial statements.

Related Party Transactions

Related party transactions consist of services provided by the Manager to the Fund. Pursuant to the management agreement, the Manager receives a management fee from the Fund amounting to 1.95% and 0.95% from Class A and Class F unitholders of the Fund, respectively. The Manager may also receive a negotiated management fee directly from Class I unitholders. Management fees are accrued in arrears daily (plus applicable taxes) and paid monthly. The management fee is in consideration for providing management, portfolio management, and administrative services and facilities to the Fund, as well as trailing commissions paid to dealers for Class A units.

The percentages and major services paid out of management fees are set out below:

Units	As a percentage of Management Fees		
	Management Fees (%)	Dealer Compensation (%)	General Administration, Investment Advice and Profit (%)
Class A	1.95	51	49
Class F	0.95	-	100
Class I	-	-	-

For the six-month period ended June 30, 2017, the management fee earned, inclusive of applicable taxes, was \$2.0 million. No management fees were paid by the unitholders of the Reference Fund during the period.

As compensation for its services as a portfolio advisor of the Fund, the Portfolio Advisor is entitled to receive a performance fee (the "Performance Fee") from the Class A units and Class F units of the Fund equal to 20% of the amount by which the NAV per unit of that class of the Fund at the end of a year (the "Year-End Class NAV per Unit") exceeds the annual target NAV per unit of that class of the Fund (the "Year-End Target Class NAV per Unit"), multiplied by the number of outstanding units of that class of the Fund at the end of that year (the "Year-End Class Units"), plus applicable taxes. The Performance Fees are calculated and accrued daily and paid at the end of each year or upon redemption. The Performance Fee accrued for the six-month period ended June 30, 2017 was \$0 million.

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2017

The following tables show selected key financial information about the Class A, F and I units of the Fund, respectively, and are intended to help you understand the Fund's financial performance for the past 4 years, or for the interim period.

The Fund's Net Asset Value (NAV) per Class A Unit (1) (2)	2017	2016	2015*	2014	2013
Net asset value, beginning of period	\$10.01	\$10.11	\$11.26	\$10.98	\$10.00
Increase (decrease) from operations:					
Total revenue	-	0.07	0.12	0.19	0.07
Total expenses	(0.14)	(0.28)	(0.29)	(0.31)	(0.30)
Realized gains/(losses) for the period	0.35	0.53	(0.34)	(0.18)	0.23
Unrealized gains/(losses) for the period	(0.18)	(0.06)	(0.20)	0.93	1.50
Total increase (decrease) from operations (3)	\$0.03	\$0.26	(\$0.71)	\$0.63	\$1.50
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(0.22)	(0.44)	(0.45)	(0.46)	(0.46)
Total annual distributions (3) (4)	(\$0.22)	(\$0.44)	(\$0.45)	(\$0.46)	(\$0.46)
Net asset value, end of period (3)	\$9.81	\$10.01	\$10.11	\$11.26	\$10.98
Ratios and Supplemental Data					
Total net asset value (5)	\$128,931,321	\$160,898,783	\$234,671,185	\$313,896,296	\$213,505,326
Number of units outstanding (5)	13,144,730	16,068,732	23,219,779	27,865,274	19,438,216
Management expense ratio (6)	2.74%	2.79%	2.42%	2.37%	2.48%
Trading expense ratio (7)	0.60%	0.66%	0.60%	0.54%	0.95%
Portfolio turnover rate (8)	106.81%	74.22%	126.01%	127.10%	72.42%
Net asset value per unit	\$9.81	\$10.01	\$10.11	\$11.26	\$10.98
The Fund's Net Asset Value (NAV) per Class F Unit (1) (2)					
Net asset value, beginning of period	\$10.46	\$10.43	\$11.48	\$11.08	\$10.00
Increase (decrease) from operations:					
Total revenue	-	0.07	0.12	0.20	0.07
Total expenses	(0.09)	(0.18)	(0.18)	(0.18)	(0.22)
Realized gains/(losses) for the period	0.37	0.54	(0.36)	(0.19)	0.24
Unrealized gains/(losses) for the period	(0.19)	(0.01)	(0.18)	0.90	1.53
Total increase (decrease) from operations (3)	\$0.09	\$0.42	(\$0.60)	\$0.73	\$1.62
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(0.22)	(0.44)	(0.44)	(0.46)	(0.45)
Total annual distributions (3) (4)	(\$0.22)	(\$0.44)	(\$0.44)	(\$0.46)	(\$0.45)
Net asset value, end of period (3)	\$10.32	\$10.46	\$10.43	\$11.48	\$11.08
Ratios and Supplemental Data					
Total net asset value (5)	\$85,475,572	90,054,864	\$120,698,225	\$199,191,244	\$110,989,939
Number of units outstanding (5)	8,284,834	8,605,979	11,574,703	17,347,022	10,019,670
Management expense ratio (6)	1.64%	1.69%	1.30%	1.28%	1.73%
Trading expense ratio (7)	0.60%	0.66%	0.60%	0.54%	0.95%
Portfolio turnover rate (8)	106.81%	74.22%	126.01%	127.10%	72.42%
Net asset value per unit	\$10.32	\$10.46	\$10.43	\$11.48	\$11.08

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2017

The Fund's Net Asset Value (NAV) per Class I Unit (1)	2017	2016**	2015*
Net asset value, beginning of period	-	\$9.33	\$10.00
Increase (decrease) from operations:			
Total revenue	-	0.06	0.11
Total expenses	-	(0.05)	(0.05)
Realized gains/(losses) for the period	-	0.42	(0.34)
Unrealized gains/(losses) for the period	-	(0.24)	0.05
Total increase (decrease) from operations (3)	-	\$0.19	(\$0.23)
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	(0.37)	(0.45)
Total annual distributions (3) (4)	-	(\$0.37)	(\$0.45)
Net asset value, end of period (3)	-	-	\$9.33
Ratios and Supplemental Data			
Total net asset value (5)	-	-	\$948,717
Number of units outstanding (5)	-	-	101,685
Management expense ratio (6)	-	0.63%	0.26%
Trading expense ratio (7)	-	0.66%	0.60%
Portfolio turnover rate (8)	-	74.22%	126.01%
Net asset value per unit	-	-	\$9.33

*Class I of the Fund was created on January 19, 2015.

**Full Class I unitholder redemption as at November 17, 2016.

Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2017 and is not a reconciliation of beginning and ending net assets per unit.
- (2) The Fund commenced operations on January 1, 2013; as a result, financial highlights are currently available for the past four years, and for the interim period.
- (3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (4) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (5) This information is provided as at June 30, 2017, and December 31, of the year shown, as applicable.
- (6) 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.
- (7) 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.
- (8) 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.

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND MANAGEMENT REPORT OF FUND PERFORMANCE

Past Performance – June 30, 2017

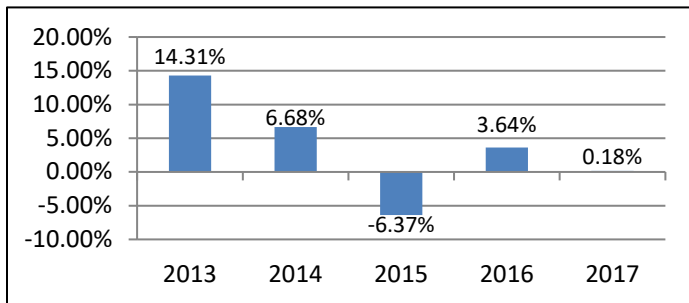
The following information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the investment fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.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

Year-by-Year Returns

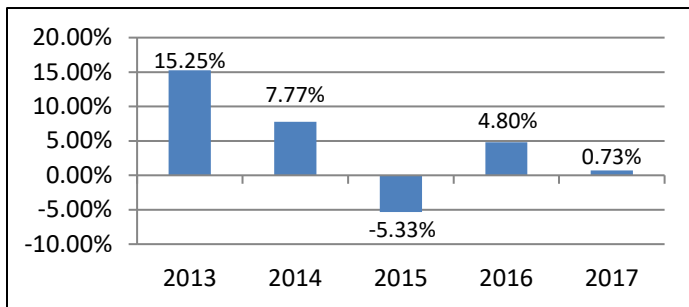
The following bar charts show the Fund's annual performance for each of the years shown, as applicable, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment in Class A, F and I units, respectively, made on the first day of each financial year would have grown or decreased by the last day of the financial year or interim period.

The annual returns for the years ended December 31, and the six-month period ended June 30, 2017, are as follows:

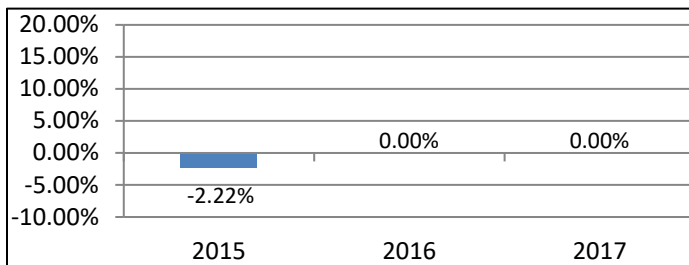
Class A



Class F



Class I*



*Class I of the Fund was created on January 19, 2016. The Fund had a full Class I unitholder redemption on November 17, 2016.

Benchmark(s) Information

The benchmark for the Fund is determined by a compounded 50:50 blend of the FTSE TMX Canada Universe Bond Index and the MSCI All Country World Index denominated in Canadian dollars. The FTSE TMX Canada Universe Bond Index is comprised of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued in Canada.¹ The MSCI All Country World Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI All Country World Index (CAD) consists of 46 country indices comprising of 23 developed and 23 emerging market country indices.²

¹ "FTSE TMX Canada Universe and Maple Bond Indexes." Ground rules for FTSE TMX Canada Universe and Maple Bond Index Series. Web. September 21, 2016.

² "MSCI All Country World Index (CAD)." MSCI ACWI Index Fact Sheet. Web. April 28, 2017.

BAROMETER DISCIPLINED LEADERSHIP TACTICAL INCOME GROWTH FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio as at June 30, 2017

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-month period ended June 30, 2017.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Industrials	25.88	Cash and Cash Equivalent	7.52
Information Technology	17.82	General Dynamics Corp.	3.79
Financials	12.85	Microsoft Corp.	3.48
Materials	11.67	Algonquin Power & Utilities Corp.	3.45
Health Care	8.48	Citigroup Inc.	3.32
Cash and Cash Equivalent	7.52	Raytheon Co.	3.32
Utilities	6.15	Oracle Corp.	3.29
Energy	5.53	Visa Inc.	3.27
Consumer Discretionary	4.14	Apple Inc.	3.25
Fixed Income	1.08	Ingersoll-Rand PLC	3.04
Foreign Currency Forward Contracts	(1.12)	Royal Bank of Canada	3.03
Total Portfolio Allocation	100.00%	Canadian National Railway Co.	3.00
		Johnson & Johnson	2.99
		Owens Corning	2.85
		UnitedHealth Group Inc.	2.82
		Northrop Grumman Corp.	2.80
		Kinder Morgan Canada Ltd.	2.77
		Pembina Pipeline Corp.	2.76
		NextEra Energy Inc.	2.70
		The Home Depot Inc.	2.70
		The Sherwin-Williams Co.	2.68
		Anthem Inc.	2.67
		Corning Inc.	2.65
		Eaton Corp PLC	2.55
		Franco-Nevada Corp.	2.52
		Total Percentage of Net Asset Value Represented by Holdings	79.22%
Total Net Asset Value (in millions)	\$214.4		

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 Fund holds direct investments and maintains an exposure to the "Reference Fund" through a direct and indirect purchase of units of the Reference Fund which is reflected in the Summary of Investment Portfolio. The Fund and the Reference Fund are managed by Barometer. The Prospectus and other information about the Reference Fund are available on SEDAR at www.sedar.com.

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.

This page intentionally left blank

BAROMETER CAPITAL MANAGEMENT INC.

1 University Avenue, Suite 1800
Toronto, Ontario M5J 2P1
Email: info@barometercapital.ca
Telephone: 416.601.6888
Toll Free: 1.866.601.6888
Fax: 416.601.9744

