

BAROMETER CAPITAL MANAGEMENT INC.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
for the six-month period ended June 30, 2020

Barometer Disciplined Leadership Balanced 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 BALANCED FUND MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2020

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, 2019, the investment fund's fiscal year end, to June 30, 2020. 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 Balanced 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 seeks to provide long-term capital appreciation by investing in a combination of equity and fixed income securities without geographic restrictions. Holdings are not restricted by market capitalization size or sector, and there is an emphasis in investing in actively traded securities.

Results of Operations

During the six-month period ended June 30, 2020, Class A units returned -3.8%, Class F units returned -3.2%, and Class I units returned -2.7%. The Fund's benchmark is a 50/25/25 blend of the FTSE TMX Canada Universe Bond Index, S&P/TSX Composite Total Return Index, and MSCI World Net Total Return Index (CAD), which returned 1.8% for the six-month period ended June 30, 2020. 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 22.0% from \$64.5 million on December 31, 2019, to \$50.3 million on June 30, 2020. This change was composed primarily of net redemptions of \$11.4 million along with a decrease in investment performance for the six-month period ended June 30, 2020. The Fund also paid cash distributions totalling \$0.2 million during the period.

The Fund underperformed its blended benchmark by -5.6%, -5.0%, and -4.5%, for each respective class, primarily due to sector exposure and security selection.

During the period, the market faced difficult headlines, negative economic numbers, and declining earnings in many sectors of the economy; however, as the year progressed the second half of the quarter showed recovery for the equity markets.

As the six-month period came to an end, the markets are recovering from the current crisis and sectors that have benefited from this period. Broadly speaking, companies exhibiting above average revenue growth outperformed other stocks.

With global economic data looking very weak for the majority of the period, concerns about growth remained at the forefront of investors' minds. As a result, the price investors were willing to pay for companies with durable revenue growth increased and in turn, traded at relatively high multiples.

In addition, the market has also been supported by the historic policy response of both fiscal and monetary support which to date has been sufficient to offset the estimated initial shock from the Coronavirus pandemic and spillovers to the full economy. The U.S. Federal Reserve, through the announcement of their \$750 billion primary and secondary credit market facilities was able to stave off the severe credit market stress. Credit markets were buoyed by the knowledge that the U.S. Federal Reserve was watching and providing support where necessary. In effect, this indirect bailout provided U.S. companies needed access to credit markets during the second quarter.

Individually, the FTSE TMX Canada Universe Bond Index, S&P/TSX Composite Total Return Index, and MSCI World Net Total Return Index (CAD) posted returns of 7.5%, -7.5%, and -1.1%, respectively, with the equity markets generally negative for the period as the markets sold off over economic concerns related to the Coronavirus pandemic.

Throughout the first half of 2020, the Manager repositioned the Fund into different sectors which increased its exposure to the fixed income, utilities, and consumer discretionary sectors while at the same time reducing its exposure to the financial and energy sectors.

The fixed income sector weighting increased to approximately 35.9% from 26.7% over the six-month period, as the sector benefitted from low interest rates and strong U.S. Federal Reserve bond buying which provided support for the bond market. Fixed income related positions such as the Royal Bank of Canada 2.74% 25JUL29 and Fairfax Financial Holdings Ltd. 4.85% 17APR28, had a positive impact on the Fund's performance by 4.8% and 1.8%, respectively.

In addition, the utilities sector weighting increased to approximately 7.9% from zero percent over the six-month period, as select securities that maintained strong and repeatable earnings during a challenge period outperformed over the six-month period. Utility related positions such as Boralex Inc. and Hydro One Ltd., which gained 3.4% and 0.9%, respectively, had a positive impact on the Fund's performance.

Exposure to the consumer discretionary sector also made a notable contribution to the portfolio's performance during the six-month period and was increased from approximately zero percent to 7.1%, most specifically with companies benefiting from on-line shopping by consumers. Within this sector, the portfolio saw companies such as Amazon Inc. added to performance which had a gain of 35.9%.

BAROMETER DISCIPLINED LEADERSHIP BALANCED FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2020

The Fund reduced its exposure in the financials sector weighting to 10.2% from 19.8%, as a result of this sector underperforming as the economy declined during the Coronavirus pandemic; due to concerns over potentially underperforming loans and the potential stress on the mortgage and housing market. Financial related positions such as Bank of New York Mellon Corporation and iA Financial Corporation Inc. had a negative impact on the Fund's performance by 8.6% and 7.1%, respectively.

In addition, the Fund's energy sector was eliminated due to falling demand for energy, leading to declining oil prices and stock price declines. Energy related positions such as Hess Corporation and TC Energy Corporation, which declined 16.8% and 11.2%, respectively, had a negative impact on the Fund's performance.

The bond market was strong throughout the first half of 2020 as interest rates declined and the U.S. Federal Reserve provided strong support for the market. The fixed-income portion of the Fund proved beneficial as it provided overall stability to the portfolio. Positions such as the Royal Bank of Canada 2.74% 25JUL2029 and Fairfax Financial Holdings Ltd. 4.85% 17APR2028, which increased 4.8% and 1.8%, respectively, had a positive impact on the Fund's performance.

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, mostly as a result of fluctuations in average net assets, portfolio activity, and changes in the Fund's investments.

Recent Developments

The market has remained resilient with fiscal and monetary support, as well as strength in leading sectors. As the world begins to open their economies, one country at a time, we once again begin to see some key economic indicators begin to look more positive. However, Barometer maintains poised to take defensive steps if the market begins to decline. A potentially slower re-opening and a sluggish economic recovery has the market on alert, and Barometer continues to monitor all our market models closely.

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	Management Fees (%)	As a percentage of 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, 2020, the management fee earned, inclusive of applicable taxes, was \$0.4 million.

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. There were no accrued Performance Fees for the six-month period ended June 30, 2020.

BAROMETER DISCIPLINED LEADERSHIP BALANCED FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2020

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 5 years and for the interim period.

The Fund's Net Asset Value (NAV)						
per Class A Unit (1) (2)						
	2020	2019	2018	2017	2016	2015
Net asset value, beginning of period	\$10.68	\$10.18	\$11.41	\$10.90	\$10.13	\$10.00
Increase (decrease) from operations:						
Total revenue	0.15	0.24	0.29	0.37	0.30	0.26
Total expenses	(0.14)	(0.28)	(0.29)	(0.29)	(0.38)	(0.27)
Realized gains/(losses) for the period	0.06	0.65	(0.21)	0.58	0.39	(0.50)
Unrealized gains/(losses) for the period	(0.50)	0.26	(0.74)	0.14	0.79	0.79
Total increase (decrease) from operations (3)	(\$0.43)	\$0.87	(\$0.95)	\$0.80	\$1.10	\$0.28
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.15)	(0.30)	(0.30)	(0.30)	(0.30)	(0.31)
Total annual distributions (3) (4)	(\$0.15)	(\$0.30)	(\$0.30)	(\$0.30)	(\$0.30)	(\$0.31)
Net asset value, end of period (3)	\$10.13	\$10.68	\$10.18	\$11.41	\$10.90	\$10.13
Ratios and Supplemental Data						
Total net asset value (5)	\$24,939,219	\$ 31,072,467	\$40,351,745	\$44,287,105	\$40,160,275	\$33,228,416
Number of units outstanding (5)	2,461,461	2,908,249	3,965,367	3,882,015	3,685,258	3,280,639
Management expense ratio (6)	2.71%	2.59%	2.49%	2.56%	3.54%	2.59%
Trading expense ratio (7)	0.29%	0.31%	0.31%	0.37%	0.25%	0.26%
Portfolio turnover rate (8)	139.94%	216.64%	203.83%	196.68%	153.89%	216.81%
Net asset value per unit	\$10.13	\$10.68	\$10.18	\$11.41	\$10.90	\$10.13
The Fund's Net Asset Value (NAV)						
per Class F Unit (1) (2)						
	2020	2019	2018	2017	2016	2015
Net asset value, beginning of period	\$11.18	\$10.52	\$11.66	\$11.04	\$10.18	\$10.00
Increase (decrease) from operations:						
Total revenue	0.16	0.25	0.30	0.38	0.31	0.05
Total expenses	(0.09)	(0.17)	(0.17)	(0.21)	(0.30)	(0.19)
Realized gains/(losses) for the period	0.05	0.57	(0.21)	0.58	0.42	(0.10)
Unrealized gains/(losses) for the period	(0.49)	0.52	(0.78)	0.18	0.79	0.16
Total increase (decrease) from operations (3)	(\$0.37)	\$1.17	(\$0.86)	\$0.93	\$1.22	(\$0.08)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.03)	(0.07)	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.15)	(0.26)	(0.23)	(0.30)	(0.30)	(0.32)
Total annual distributions (3) (4)	(\$0.15)	(\$0.29)	(\$0.30)	(\$0.30)	(\$0.30)	(\$0.32)
Net asset value, end of period (3)	\$10.67	\$11.18	\$10.52	\$11.66	\$11.04	\$10.18
Ratios and Supplemental Data						
Total net asset value (5)	\$25,103,567	\$ 32,490,631	\$64,466,770	\$62,937,005	\$50,092,139	\$34,275,108
Number of units outstanding (5)	2,353,426	2,906,457	6,128,396	5,398,764	4,538,294	3,368,554
Management expense ratio (6)	1.60%	1.48%	1.38%	1.75%	2.81%	1.81%
Trading expense ratio (7)	0.29%	0.31%	0.31%	0.37%	0.25%	0.26%
Portfolio turnover rate (8)	139.94%	216.64%	203.83%	196.68%	153.89%	216.81%
Net asset value per unit	\$10.67	\$11.18	\$10.52	\$11.66	\$11.04	\$10.18

BAROMETER DISCIPLINED LEADERSHIP BALANCED FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2020

The Fund's Net Asset Value (NAV) per Class I Unit (1) (2)	2020	2019	2018	2017	2016	2015
Net asset value, beginning of period	\$12.18	\$11.31	\$12.38	\$11.53	\$10.37	\$10.00
Increase (decrease) from operations:						
Total revenue	0.18	0.27	0.32	0.40	0.31	0.27
Total expenses	(0.04)	(0.06)	(0.05)	(0.04)	(0.04)	(0.04)
Realized gains/(losses) for the period	0.05	0.73	(0.25)	0.61	0.40	(0.49)
Unrealized gains/(losses) for the period	(0.62)	0.38	(0.45)	0.17	0.71	0.80
Total increase (decrease) from operations (3)	(\$0.43)	\$1.32	(\$0.43)	\$1.14	\$1.38	\$0.54
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.04)	-	(0.01)	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.14)	(0.26)	(0.29)	(0.28)	(0.30)	(0.30)
Total annual distributions (3) (4)	(\$0.14)	(\$0.30)	(\$0.29)	(\$0.29)	(\$0.30)	(\$0.30)
Net asset value, end of period (3)	\$11.69	\$12.18	\$11.31	\$12.38	\$11.53	\$10.37
Ratios and Supplemental Data						
Total net asset value (5)	\$276,195	\$ 929,729	\$2,373,086	\$3,381,155	\$3,143,784	\$3,570,593
Number of units outstanding (5)	23,621	76,363	209,775	273,206	272,586	344,441
Management expense ratio (6)	0.54%	0.43%	0.30%	0.26%	0.24%	0.34%
Trading expense ratio (7)	0.29%	0.31%	0.31%	0.37%	0.25%	0.26%
Portfolio turnover rate (8)	139.94%	216.64%	203.83%	196.68%	153.89	216.81%
Net asset value per unit	\$11.69	\$12.18	\$11.31	\$12.38	\$11.53	\$10.37

Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2020 and is not a reconciliation of beginning and ending net assets per unit.
- (2) The Fund commenced operations on January 1, 2015; as a result, financial highlights are currently available for the past five 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, 2020 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 a 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 BALANCED FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Past Performance – June 30, 2020

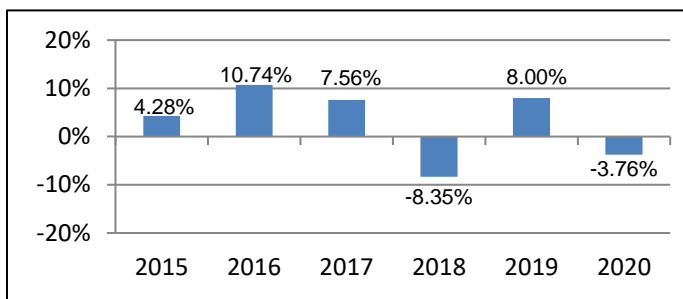
The following information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the investment fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.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

Year-by-Year Returns

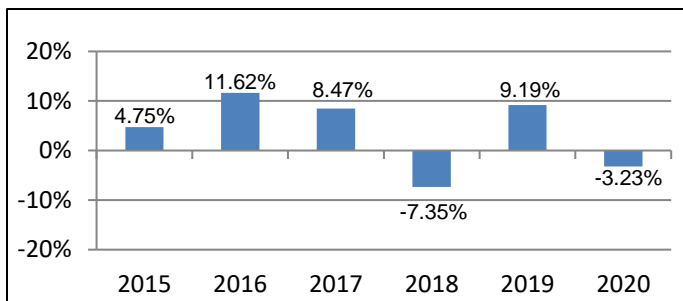
The following bar charts show the Fund's annual performance for each of the years shown, as applicable, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment in Class A, F, and I units, respectively, made on the first 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, 2020, are as follows:

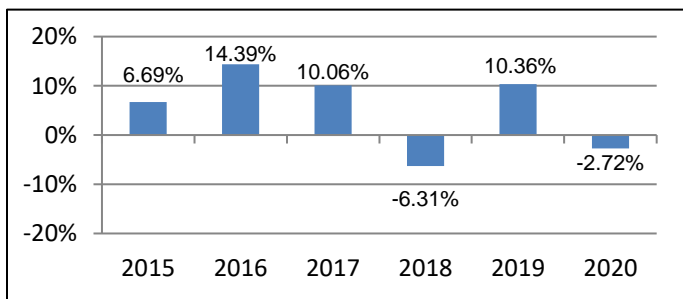
Class A



Class F



Class I



Benchmark(s) Information

The benchmark for the Fund is determined by a compounded 50:25:25 blend of the FTSE TMX Canada Universe Bond Index, MSCI World Net Total Return Index denominated in Canadian dollars and the S&P/TSX Composite Total Return Index. 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 World Net Total Return Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to capture large and mid-cap representations across developed markets. The MSCI World Net Total Return Index (CAD) consists of 23 developed country indices.² The S&P/TSX Composite Total Return Index is the headline index for the Canadian Equity market. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices including but not limited to Equity Indices, Income Trust Indices, Capped Indices, GICS Indices, and Market Cap based Indices.³

¹ "FTSE TMX Canada Universe Bond Index." Ground Rules for FTSE TMX Canada Universe and Maple Bond Index Series v3.2 Web. June 30, 2020.

² "MSCI World Net Total Return Index (CAD)." MSCI Index Fact Sheet. Web. June 30, 2020.

³ "S&P/TSX Composite Total Return Index." S&P Dow Jones Indices by S&P Global. Web. June 30, 2020.

BAROMETER DISCIPLINED LEADERSHIP BALANCED FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio as at June 30, 2020

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, 2020.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Fixed Income	35.89	Amazon.com Inc.	4.49
Information Technology	16.94	Apple Inc.	3.95
Financials	10.19	Royal Bank of Canada 2.74% 25JUL29	3.91
Utilities	7.93	Enbridge Inc. 5.375% 27SEP77	3.84
Consumer Discretionary	7.14	Innergex Renewable Energy Inc. 4.65% 31OCT26 CONV. \$22.90	3.49
Industrials	4.30	Fairfax Financial Holdings Ltd. 4.85% 17APR28	3.30
Communication Services	3.92	Bell Canada Inc. 2.50% 14MAY30	3.06
Health Care	2.87	Microsoft Corp.	2.87
Materials	2.64	Regeneron Pharmaceuticals Inc.	2.87
Cash and cash equivalents	2.60	Hydro One Ltd.	2.84
Real Estate	2.55	Air Canada 4% 01JUL25 CONV. \$15.353	2.82
Consumer Staples	2.50	Royal Bank of Canada	2.77
Foreign Currency Forward Contracts	0.53	The Toronto-Dominion Bank 3.105% 22APR30	2.77
Total Portfolio Allocation	100.00%	Kinaxis Inc.	2.74
		The Toronto-Dominion Bank	2.68
		Canadian Imperial Bank of Commerce 2% 17APR25	2.65
		Magna International Inc.	2.65
		Franco-Nevada Corp.	2.64
		Cash and cash equivalents	2.60
		Boralex Inc.	2.55
		Granite Real Estate Investment Trust	2.55
		NextEra Energy Inc.	2.54
		Moody's Corp.	2.53
		QUALCOMM Inc.	2.52
		The Clorox Co.	2.50
		Total Percentage of Net Asset Value Represented by Holdings	74.13%
Total Net Asset Value (in millions)	\$50.3		

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.

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