

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2019

## *CWB Onyx Growth Solution*



### DISCLOSURE

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1-855-292-9655, by writing to us at Suite 3000, 10303 Jasper Avenue, Edmonton, AB T5J 3X6, by visiting our website at [www.cwbwealth.com](http://www.cwbwealth.com), or by visiting SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders 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.

***Caution Regarding Forward Looking Information***

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements including, but not limited to, statements about the Fund, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “may”, or future or conditional verbs such as “will”, “should”, “would” and “could”, and similar forward-looking expressions or negative versions thereof. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement.

Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general economic and business environment, in each case assuming no material changes to applicable tax or other laws, government regulations, or policies.

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Fund’s predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, and that its assumptions may not be correct.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. A variety of factors, many of which are beyond the Fund’s control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general economic, political and relevant market factors in North America and internationally, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events, and other risks described in the Fund’s current simplified prospectus. The above-mentioned list of important factors is not exhaustive.

Before making any investment decisions, investors and others relying on forward-looking statements should carefully consider the foregoing factors and the uncertainties and risks they contain. We caution readers not to place undue reliance on these forward-looking statements.

Forward-looking statements are issued in good faith and may be modified without notice. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so requires.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

In the first six months of 2019 (the “period”), the CWB Onyx Growth Solution’s (the “Fund”) net assets increased by \$1,110,338 to \$22,981,956. This reflects an increase of \$1,922,506 from investment performance, distributions to unitholders of \$138,975, and net withdrawals of \$673,193.

Series A of the Fund returned 8.7% over the period versus the Fund’s internal benchmark, a combination of FTSE/TMX 91 day T-bill Index<sup>1</sup>, FTSE/TMX Universe Bond Index<sup>2</sup>, S&P/TSX Preferred Share Index<sup>3</sup>, S&P/TSX Composite Total Return (TR) Index<sup>4</sup>, S&P 500 Composite Total Return (TR) Index \$CAD<sup>5</sup> and the MSCI All Country World Index ex-USA \$CAD<sup>6</sup>, which returned 11.6% over the period. Unlike the benchmark, the Fund’s return is calculated after the deduction of fees and expenses. Returns for Series O of the Fund may vary, largely due to differences in fees and expenses.

The Fund continued to be conservatively positioned, over-weighted in defensive sectors such as Consumer Staples, Utilities and Communication Services. Stock selection within the Information Technology sector was the primary detractor from relative performance during the period. In particular, Shopify’s stock price more than doubled in value over the period and accounted for the majority of the underperformance within the Information Technology sector as it is not held within the Fund. Stock selection in the Energy sector focused primarily on larger, stable companies that are able to navigate the difficult energy market in Western Canada, increasing the performance of the Fund.

Stock selection within the U.S. Financials and Health Care sectors added value to the Fund, despite these two sectors underperforming the market. A slight over weighting combined with favorable stock selection in the Utilities sector also contributed to the Fund’s performance. Primarily due to disappointing results from one of the fund’s holdings, stock selection within the Information Technology sector detracted from the Fund’s performance.

The beginning of the period saw the Fund’s international holdings perform well. This was in part due to a focus on quality companies in the Fund. A change in sentiment towards the end of the period saw the cyclical nature of some of the Fund’s holdings detract from performance, as fear of a global recession became elevated.

In response to increased uncertainties surrounding global economic growth and the subsequent elevated risk to corporate earnings, an asset shift mix was made in early June to reduce the weight of equities within the Fund. With heightened risk of a market correction within the near future, CWB Wealth Management Ltd. (“CWB WM” or “we”) felt this was a good opportunity to reduce risk in the Fund, and increase the Fund’s weight in Cash and Short-Term Investments.

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<sup>1</sup> The FTSE/TMX 91 day T-bill Index represents the return of the 3 month rolling Government of Canada T-bill.

<sup>2</sup> The FTSE/TMX Universe Overall Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market.

<sup>3</sup> The S&P/TSX Preferred Share Index is an index designed to track the performance of the Canadian preferred share market, whose components trade on the Toronto Stock Exchange.

<sup>4</sup> The S&P/TSX Composite TR Index is a broad based stock market index of the largest Canadian firms listed on the Toronto Stock Exchange, including dividends in the calculation of returns.

<sup>5</sup> The S&P 500 Composite TR Index \$CAD is an index tracking trading prices of the shares of the 500 top U.S. companies, including dividends in the calculation of returns, converted to Canadian Dollars .

<sup>6</sup> The MSCI All Country World Index ex-USA is an index of the trading prices of the shares of companies across developed and emerging markets worldwide, excluding the U.S. – See back for full disclosure.

## Recent Developments

### Market Developments

The first six months of the year saw both positive and negative global trade developments with implications for Canada. On the positive side, the United States-Mexico-Canada Agreement is closer to ratification, as the contentious tariffs on steel and aluminum were lifted in May. However, the U.S. and China are locked in a major trade war which threatens to lower global economic growth. Despite the Alberta government ending the oil production curtailments, pipeline capacity remains an issue. An increase in oil prices by nearly 30% over the period has helped offset capacity constraints.

The U.S. economy performed largely in line with expectations throughout the period. However, strong employment rates coupled with stubbornly low inflation caused uncertainty regarding interest rate changes. Market consensus is that the U.S. Federal Reserve Board (“the Fed”) will lower interest rates in 25 basis point<sup>7</sup> increments multiple times before the end of 2019, in hopes of extending the current economic expansion. Consequently, the U.S. Treasury yield curve has inverted, an indicator of a possible recession in the next 6-18 months from the time of inversion. However, recent central bank intervention in the markets through programs such as quantitative easing brings the effectiveness of this indicator into question.

The beginning of 2019 saw optimism on U.S.-China trade relations, lowered expectations of a hard Brexit, and accommodative central bank policy, resulting in a reversal of the downward trend in global markets observed in December. Investors worldwide flocked to aggressive and cyclical sectors, moving away from conservative and defensive investments. As a result, most international markets were positive for the first few months of the year, with developed markets outperforming emerging market equities. As talks broke down over the U.S.-China trade relations and increased likelihood of monetary stimulus from the Fed, the market took a different turn towards the end of the period. Despite enthusiasm over aggressive equities earlier in the period, the market shifted away from cyclical stocks, and returned to stable ‘safe’ investments.

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<sup>7</sup> One basis point is equal to one hundredth of one percent.

**Related Party Transactions**

CWB WM serves as trustee, manager, portfolio advisor, and principal distributor of the Fund. The Fund pays CWB WM a management fee as compensation for its services. Refer to the section titled 'Management Fees' for a summary of fees paid to CWB WM.

The Fund invests in units of the CWB Onyx Portfolio Series funds, comprised of the CWB Onyx Diversified Income Fund, the CWB Onyx Canadian Equity Fund and the CWB Onyx Global Equity Fund. These funds are related and connected issuers of the Fund, as CWB WM serves as trustee, principal portfolio advisor, and manager for the CWB Onyx Portfolio Series funds.

The Independent Review Committee (the "IRC") of the Fund has approved standing instructions permitting investments in the CWB Onyx Portfolio Series funds, and other mutual funds managed by CWB WM or its affiliates (the "Fund of Fund Investing"). The standing instructions require that the Fund of Fund Investing be conducted in accordance with CWB WM policy and that CWB WM advise the IRC of a material breach of the standing instructions. CWB WM policy requires that an investment decision in respect of Fund of Fund Investing (i) is made free from any influence by an entity related to CWB WM and without taking into account any consideration relevant to an entity related to CWB WM; (ii) represents the business judgment of the portfolio manager/sub-advisor uninfluenced by considerations other than the best interests of the Fund; (iii) complies with CWB WM policy; and (iv) achieves a fair and reasonable result for the Fund.

CWB WM is party to a participating dealer agreement (the "Dealer Agreement") with Canadian Western Financial Ltd. ("CWF"), a subsidiary of CWB WM. Pursuant to the Dealer Agreement, CWB WM pays CWF a monthly trailing commission equal to 1/12th of 1% of the net asset value attributable to units of the Fund held by CWF clients. This trailing commission is paid directly by CWB WM and does not increase the management fee paid to CWB WM by the Fund.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's performance for the periods since inception and for the period ended June 30, 2019.

### CWB Onyx Growth Solution Fund's Net Assets per Unit<sup>1</sup>

	Series A June 30 2019	Series O June 30 2019	Series A 2018	Series O 2018	Series A 2017	Series O 2017	Series A 2016*	Series O 2016*
Net Assets, beginning of period	\$10.45	\$10.72	\$11.51	\$11.72	\$10.97	\$11.10	\$10.00†	\$10.00†
<b>Increase (decrease) from operations:</b>								
Total revenue	\$0.18	\$0.24	\$0.32	\$0.10	\$0.34	\$0.26	\$0.40	\$0.20
Total expenses	(\$0.11)	-	(\$0.24)	-	(\$0.23)	-	(\$0.18)	-
Realized gains (losses) for the period	\$0.03	\$0.03	\$0.06	\$0.02	\$0.05	\$0.03	\$0.03	\$0.01
Unrealized gains (losses) for the period	\$0.83	\$0.62	(\$1.15)	(\$0.63)	\$0.48	\$0.64	\$0.92	\$1.16
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$0.93</b>	<b>\$0.89</b>	<b>(\$1.01)</b>	<b>(\$0.51)</b>	<b>\$0.64</b>	<b>\$0.93</b>	<b>\$1.17</b>	<b>\$1.37</b>
<b>Distributions:</b>								
From income (excluding dividends)	\$0.07	\$0.20	\$0.08	\$0.25	\$0.14	\$0.31	\$0.21	\$0.25
From dividends	-	-	-	-	-	-	-	-
From capital gains	-	-	-	\$0.02	-	-	\$0.02	\$0.02
Return of capital	-	-	-	-	-	-	-	-
<b>Total Annual Distributions<sup>3</sup></b>	<b>\$0.07</b>	<b>\$0.20</b>	<b>\$0.08</b>	<b>\$0.27</b>	<b>\$0.14</b>	<b>\$0.31</b>	<b>\$0.23</b>	<b>\$0.27</b>
<b>Net Assets as at last date of period shown</b>	<b>\$11.30</b>	<b>\$11.58</b>	<b>\$10.45</b>	<b>\$10.72</b>	<b>\$11.51</b>	<b>\$11.72</b>	<b>\$10.97</b>	<b>\$11.10</b>

- 1 This information is derived from the Fund's unaudited interim or audited annual financial statements (as applicable). All figures presented are prepared in accordance with IFRS, which requires the Fund to measure the fair value of its investments based on close market prices, where the close market price falls within the bid-ask spread, which is consistent with the method used in measuring the net asset value for transactions with unitholders.
- 2 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.
- 3 Distributions were paid in cash, reinvested in additional units of the Fund or both.

\* Data reported represents results from the commencement of operations to December 31 of the year indicated.

† Initial offering price.

**Ratios and Supplemental Data**

(Inception February 2, 2016)	Series A June 30 2019	Series O June 30 2019	Series A 2018	Series O 2018	Series A 2017	Series O 2017	Series A 2016	Series O 2016
Total net asset value (000's) <sup>1</sup>	\$22,982	\$377	\$21,635	\$237	\$18,946	\$2,497	\$5,410	\$2,299
Number of units outstanding <sup>1</sup>	2,000,183	32,582	2,070,514	22,065	1,646,537	212,977	493,098	207,105
Management expense ratio <sup>2</sup>	2.05%	-	2.05%	-	2.05%	-	2.05%	-
Management expense ratio before waivers or absorptions	2.30%	-	2.28%	-	2.45%	-	3.21%	-
Trading expense ratio <sup>3</sup>	-	-	-	-	-	-	-	-
Portfolio turnover rate <sup>4</sup>	4.50%	4.50%	29.64%	29.64%	7.80%	7.80%	5.50%	5.50%
Net asset value per unit	\$11.30	\$11.58	\$10.45	\$10.72	\$11.51	\$11.72	\$10.97	\$11.10

- 1 This information is provided as at December 31 of the year shown unless otherwise stated.
- 2 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.

**Management Fees**

The Fund pays CWB WM an annual management fee of 1.75% of the net asset value of Series A units of the Fund.

The management fee for each applicable series is calculated and accrued daily as a percentage of its NAV. The Fund's management fees were used by CWB WM to pay for the cost of managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sales of investment portfolio, providing other services, and compensating CWB WM for acting as the trustee of the Fund. CWB WM also used the management fee to fund trailing commissions and any other compensation to CWF whose clients invest in the Fund. A further breakdown of the management fee is not available for the interim period.

Series O management fee is negotiated and paid directly by each investor. Series O management fee is not to exceed the Series A management and advisory fee of the Fund.

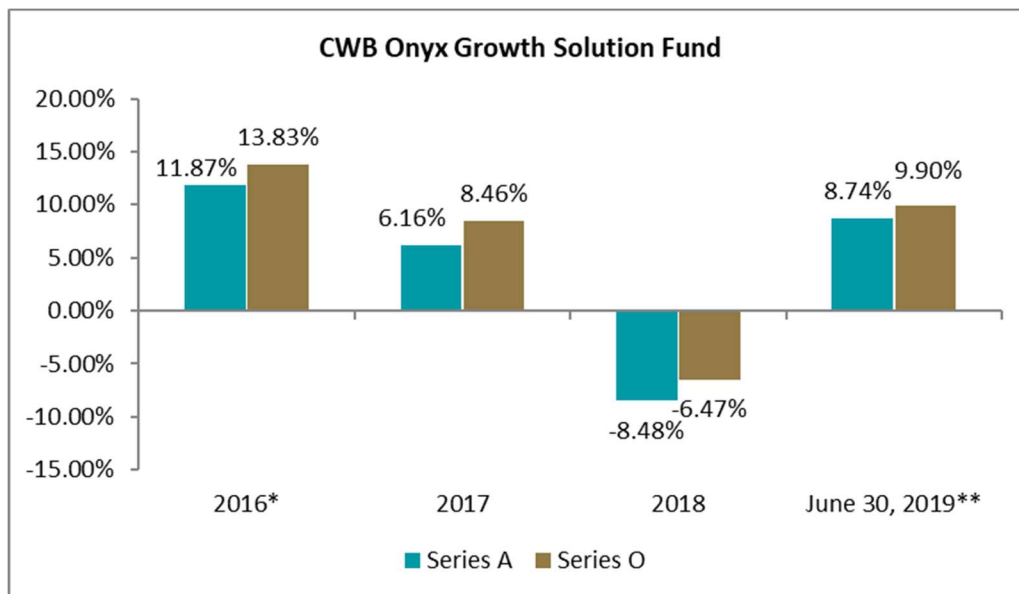
**PAST PERFORMANCE**

The past performance of the Fund is set out in the following chart. The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance.

Mutual fund returns are not guaranteed. Please note that past performance is not indicative of future performance.

**Year-by-Year Returns**

The following bar chart shows the Fund’s annual performance for each of the past three years and for the six month period ending June 30, 2019, and illustrates how the Fund’s performance has changed from year to year. The chart shows, in percentage terms, how an investment made on January 1 would have increased or decreased by the last day of the fiscal period presented.



\*Return from February 10, 2016 (commencement of operations) to December 31, 2016.

\*\*Return from January 1, 2019 to June 30, 2019 not annualized.



## SUMMARY OF INVESTMENT PORTFOLIO

The following table summarizes how the Fund's assets were distributed across various sectors as at June 30, 2019.

Portfolio Breakdown	% of Net Asset Value
Cash and Short-term Investments	3.1%
International Equity Funds	43.5%
Canadian Equity Funds	29.4%
Fixed Income Funds	24.0%
<b>Total</b>	<b>100.0%</b>

### Top 25 Holdings

The following table lists the twenty-five largest equity holdings of the Fund (based on percentage of net asset values of the Fund) as at June 30, 2019.

Cash and Short-term Investments	3.1%
CWB Onyx Global Equity Fund, Series O	43.5%
CWB Onyx Canadian Equity Fund, Series O	29.4%
CWB Onyx Diversified Income Fund, Series O	24.0%

The investments and percentages may have changed by the time you purchase units of the Fund due to portfolio transactions of the fund. The top 25 holdings are made available quarterly and may be obtained by contacting CWB WM at 1-855-292-9655 or by writing to: [info@cwwealth.com](mailto:info@cwwealth.com) or CWB Wealth Management Ltd., Suite 3000, 10303 Jasper Avenue, Edmonton, AB T5J 3X6.

### Additional Disclosures on Benchmarks

The MSCI All Country World Index ex-USA is an index of the trading prices of the shares of companies across developed and emerging markets worldwide, excluding the U.S. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

The blended returns are calculated by CWB WM using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilizing any MSCI Data, models, analytics or other materials or information.