

# CWB Core Equity Fund

## Interim Management Report of Fund Performance

For the period ended June 30, 2023

### Disclosure

This interim management report of fund performance contains financial highlights but does not contain either 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

This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. 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”, “may”, “plans”, “potential”, “proposed”, 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.

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, volatility of equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or illness that affect local, national or international economies, and other risks described in the Fund’s current simplified prospectus. The foregoing list of factors is not exhaustive.

Forward-looking statements are issued in good faith and may be modified without notice. 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. Unless required by securities law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by or on behalf of the Fund. The forward-looking statements contained in this document are presented for the purpose of assisting readers in understanding the Fund’s financial position and results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes.

# Management Discussion of the Performance of the CWB Core Equity Fund

## Results of Operations

In the first six months of 2023 (the “period”), the CWB Core Equity Fund’s (the “Fund”) net assets increased by \$2,925,544 to \$38,092,525. This reflects an increase of \$3,334,103 from investment performance and net withdrawals of \$408,559.

The Fund returned 9.52% over the period versus the Fund’s internal benchmark (the “Fund Benchmark”), which returned 8.33%. The Fund Benchmark is a combination of the FTSE Canada 91-day T-bill Index<sup>1</sup>, S&P TSX Composite Total Return (“TR”) Index<sup>2</sup>, S&P 500 TR Index \$CAD<sup>3</sup> and the MSCI Europe, Australasia and Far East (EAFE) TR Index \$CAD<sup>4</sup>. The Fund’s general market index benchmarks, the S&P/TSX Composite TR Index and the S&P 500 Composite TR Index (the “Broad-Based Benchmarks”), returned 5.70% and 14.29%, respectively, over the period. Unlike the Fund Benchmark and the Broad-Based Benchmarks, the Fund’s return is calculated after the deduction of fees and expenses.

Issues that plagued the North American economy in 2022 continued into the new year. Persistently high inflation forced central banks to continue to raise interest rates in both Canada and the U.S. in the first half of 2023. Rate increases are starting to have their desired impact with inflation showing signs of slowing, however higher rates are also affecting economic growth. The U.S. and Canadian economies continue to expand but at a slower pace and many economists expect a recession later this year or early next year.

Despite a weakening economic backdrop, global equity markets rebounded nicely in the first half of 2023 after weak returns in 2022. The U.S. led the way, generating strong returns as global markets seem to be looking through the current economic weakness, instead focusing on cheaper stock prices after last year’s sell off, as well as specific catalysts in the Information Technology sector. The Canadian stock market performed well but was a relative laggard, primarily due to higher exposure to economically sensitive sectors such as Energy, Materials and Financials relative to other markets such as the U.S.

The stability of the financial services sector came into focus in March 2023 as two U.S. regional banks failed. Investors speculated around the potential impacts of tighter lending standards, greater regulatory scrutiny, and rising capital ratios among banks. The fallout from this financial crisis appears to be contained.

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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 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>3</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>4</sup> The MSCI EAFE Index is an index of the trading prices of the shares of companies across developed markets in Europe, Australasia and the Far East.

Fund performance benefitted from stock selection in the Information Technology sector. Advances in artificial intelligence (AI), most notably the launch of ChatGPT, propelled the sector forward as investors began to realize that the future was now for AI. Fund holding NVIDIA (182.8%) as its products are seen as critical to the AI revolution. Another strong contributor was Canadian software company Open Text which rose 39.1% during the period. Investors have been skeptical of a large acquisition the company announced in 2022 (Micro Focus). With the deal closing in January, early returns look positive, and the stock has responded.

An overweight in the Consumer Staples Sector hurt relative performance. Within the space Dollar General fell 32.5%. The discount retailer saw robust growth through the pandemic start to wane as the economy decelerated placing pressure on its core customers.

New positions were added in Pool Corp and Descartes Systems. Pool Corp., the leading distributor of swimming pool materials and products in the US was initiated in the Fund during the period due to attractive valuation. Descartes is a software company in the Information Technology sector that provides management and tracking systems for international and domestic shipping. They combine this with a database of country specific rules and laws to allow companies to meet all regulatory hurdles that may apply to their shipments. We view Descartes as well positioned to benefit from ongoing supply chain challenges and increased regulations. We fully exited our holding in Cintas during the period due to valuation concerns.

## Recent Developments

We expect the fight against inflation to continue through 2023 and into next year which means interest rates should stay elevated for the foreseeable future. Our expectation is that this will continue to lead to economic weakness. Equity markets typically react negatively to a weakening economy, but also respond very quickly to the first signs of renewed growth, and often well before the first signs are apparent. It may be that last year's poor equity market returns was a realization of a weakening economic environment ahead, and the rebound is a recalibration of expectations from an impending recession to just a slowdown. The Russia/Ukraine war remains a wildcard on the economic outlook.

We continue to focus on quality firms with pricing power, balance sheet strength and resilient business models. These types of firms tend to perform well in uncertain economic environments.

## Related Party Transactions

CWB Wealth Management Ltd. ("CWB WM" or "we") 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.

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 1/12<sup>th</sup> of 0.5% of the net asset value attributable to units of the Fund held by CWF clients.

This trailing commission will be paid directly by CWB WM and will 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 past five years and for the period ended June 30, 2023.

### CWB Core Equity Fund's Net Assets per Unit<sup>1</sup>

	June 30, 2023	2022	2021	2020	2019	2018
Net assets, beginning of year	\$20.37	\$22.35	\$19.40	\$18.93	\$16.83	\$18.84
Increase (decrease) from operations:						
Total revenue	\$0.23	\$0.45	\$0.50	\$0.51	\$0.53	\$0.60
Total expenses	(\$0.15)	(\$0.29)	(\$0.30)	(\$0.26)	(\$0.27)	(\$0.26)
Realized gains (losses) for the year	\$0.52	\$1.16	\$2.65	\$0.67	\$2.24	\$0.83
Unrealized gains (losses) for the year	\$1.33	(\$2.83)	\$2.29	(\$0.13)	\$0.96	(\$2.54)
Total increase (decrease) from operations <sup>2</sup>	\$1.93	(\$1.51)	\$5.14	\$0.79	\$3.46	(\$1.37)
Distributions						
From income (excluding dividends)	-	\$0.11	\$0.16	\$0.23	\$0.33	\$0.39
From dividends	-	-	-	-	-	-
From capital gains	-	\$0.34	\$1.85	\$0.05	\$0.82	\$0.08
Return of capital	-	-	-	-	-	-
Total annual distributions <sup>3</sup>	-	\$0.45	\$2.01	\$0.28	\$1.15	\$0.47
Net assets as at last date of the period shown	\$22.3	\$20.37	\$22.35	\$19.40	\$18.93	\$16.83

<sup>1</sup> This information is derived from the Fund's unaudited interim or audited 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.

<sup>2</sup> 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.

<sup>3</sup> Distributions were paid in cash, reinvested in additional units of the Fund or both.

## Ratios and Supplemental Data

	June 30, 2023	2022	2021	2020	2019	2018
<b>Total Net asset value (000's)<sup>1</sup></b>	\$38,093	\$35,167	\$43,672	\$38,306	\$38,309	\$43,499
<b>Number of units outstanding<sup>1</sup></b>	1,707,914	1,726,408	1,954,284	1,974,289	2,023,952	2,584,916
<b>Management expense ratio<sup>2</sup></b>	1.31.%	1.25%	1.20%	1.20%	1.16%	1.13%
<b>Management expense ratio before waivers or absorptions</b>	1.46%	1.32%	1.28%	1.29%	1.23%	1.26%
<b>Trading expense ratio<sup>3</sup></b>	0.02%	0.02%	0.04%	0.04%	0.07%	0.08%
<b>Portfolio turnover rate<sup>4</sup></b>	9.68%	12.26%	34.56%	26.97%	33.94%	23.73%
<b>Net asset value per unit</b>	\$22.30	\$20.37	\$22.35	\$19.40	\$18.93	\$16.83

<sup>1</sup> This information is provided as at December 31 of the year shown unless otherwise stated.

<sup>2</sup> Management expense ratio ("MER") is based on total expenses, net of waivers and refunds (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.

<sup>3</sup> 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.

<sup>4</sup> 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 a monthly management fee equal to 1/12th of 1% of the monthly net asset value of the Fund.

The management fee for the Fund is calculated and accrued weekly 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 purchases and sales of the 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.

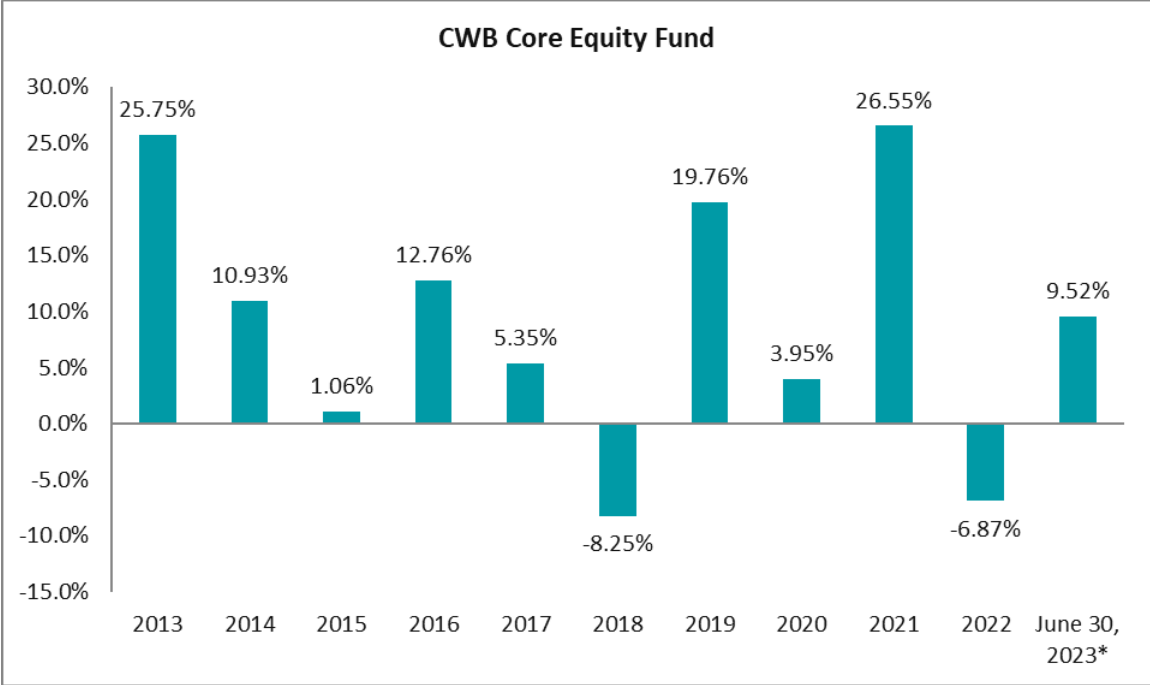
## Past Performance

The past performance of the Fund is set out in the following charts. The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemptions, distributions, or other optional charges, or income taxes payable 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 in each of the past ten years and for the period ending June 30, 2023, 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 period presented.



\*Return from January 1, 2023 to June 30, 2023, not annualized.

## Summary of Investment Portfolio

The following table summarizes how the Fund's assets were distributed across various sectors as at June 30, 2023.

Portfolio Breakdown	% of Net Asset Value
Cash and short-term investments	1.8
Other net liabilities	(0.4)
Information technology	21.5
Financials	20.9
Consumer discretionary	14.6
Industrials	12.3
Health care	6.1
Communication services	5.7
Energy	5.5
Materials	4.3
Consumer staples	4.2
Utilities	3.2
Real estate	0.3
Total	100.0



## Top 25 Holdings

The following table lists the top 25 holdings of the Fund (based on percentage of net asset values of the Fund) as at June 30, 2023.

Security	%	Security	%
Microsoft Corp.	5.0	Toronto Dominion Bank	1.8
Alphabet Inc., Class A	3.3	Waste Connections Inc.	1.8
Apple Inc.	3.3	TC Energy Corp.	1.7
Nvidia Corp	3.2	Brookfield Asset Management Inc., Class A	1.6
Royal Bank of Canada	2.9	Canadian Imperial Bank of Commerce	1.6
Canadian Pacific Railway Ltd.	2.1	Canadian Natural Resources Ltd.	1.6
Mastercard Inc., Class A	2.1	Sun Life Financial Inc.	1.6
Visa Inc., Class A	2.1	Wells Fargo & Co.	1.6
Amazon.com Inc.	2.0	Suncor Energy Corp.	1.5
AutoZone Inc.	2.0	Union Pacific Corp.	1.5
Berkshire Hathaway Inc., Class B	2.0	Agnico Eagle Mines Ltd.	1.4
Bank of Montreal	1.8	Bank of Nova Scotia	1.4
Johnson & Johnson	1.8		

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) CWB Wealth Management Ltd., Suite 3000, 10303 Jasper Avenue, Edmonton, AB T5J 3X6.

## Additional Disclosures on Benchmarks

The MSCI Europe, Australasia and Far East (EAFE) TR Index is an index of the trading prices of the shares of large and medium capitalization companies across 21 Developed Market countries around the world, excluding the U.S. and Canada. 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.