Lincluden Balanced Fund

Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2016

Dear Investor,

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the Fund. You may receive a copy of the semi-annual financial statements, at your request, and at no cost, by calling 905-273-4240 (1-844-373-4240), by writing to us at Lincluden Investment Management Limited, 201 City Centre Drive, Suite 201, Mississauga, Ontario, L5B 2T4 or by visiting our website at www.lincluden.com or SEDAR at www.sedar.com.

You may request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by contacting us using one of the methods offered above.

Lincluden Investment Management Limited
Manager of the Lincluden Balanced Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Lincluden Balanced Fund is to create long-term wealth for the Fund's investors using value-based, risk managed disciplines. Success at achieving the Fund's objective requires disciplined asset allocation and security selection approaches.

The development of tactical asset mix policy is an approach that has balanced inputs. It reflects a marrying of top down with bottom up inputs. We consider the valuation of equity markets relative to a risk free rate; which for purposes of the valuation represents long term Government of Canada bond yields. We give consideration to inflation and corporate profitability and the valuation of the bond market itself in this process.

Equally important in final asset allocation policy, and particularly so in the allocation of equities between Canadian equities and foreign equities, is the opportunity set of attractively priced equities that we're identifying on a global basis.

Our portfolio managers screen a broad universe of Canadian, U.S. and international stocks in our ongoing search for undervalued securities. Investment decisions are based on a thorough financial assessment of corporations and their management teams to identify securities that are trading at a substantial discount to our appraisal of their fair value.

Our fixed income portfolios are structured to achieve the most efficient combination of duration, credit, yield curve and foreign exposure from a long-term, risk-reward perspective.

In searching for the best value opportunities in fixed income markets, we consider both domestic and foreign securities. When we find better value opportunities in foreign markets, our preference is to eliminate foreign exchange risk through the use of hedging.

Risk

The overall level of risk of an investment in the Fund remained unchanged throughout the six months ended June 30, 2016 relative to that in 2015 and consistent with the discussion in the Fund's simplified prospectus dated May 19, 2016.

Results of Operations

Global stock markets were volatile in the first half of this year. Financial markets reacted dramatically to the surprise outcome of the Brexit vote and the expected uncertainty it will have on the European economies. Initially stock indices globally and especially in Europe posted steep losses, however they were able to recover on the promise of continued support by the central banks with accommodative monetary policies. In the U.S. disappointing labour market data kept the Federal Reserve on the sidelines. On the commodity front the price of oil continued to rebound and ended the quarter at close to $50, about double the level it had hit earlier this year. Gold has appreciated considerably this year due to the uncertainties that the global markets are facing.

North American bond yields declined dramatically during the period. A weaker-than-expected U.S. labour report in May brought into question the strength of the U.S. economy and the ability of the Federal Reserve to gradually hike rates. In addition, the surprise result of the Brexit vote caused some uncertainty in the global markets and led investors to initially shun equities and purchase U.S. Treasury Bonds which are perceived to be safe.

Net/net for the period the Fund posted a small positive return and was ahead of the benchmark. Canadian equities posted strong positive results while global equities lagged with a decline.

The bond portfolio's performance was ahead of its benchmark. The defensive posture heading into the new year with regards to both provincial and corporate bonds provided an opportunity to add exposure during the first quarter as markets weakened and spreads widened out. Yield curve positioning contributed positively to performance over the first half as longer term interest rates declined further than shorter term interest rates. The fund was underweight the short end and overweight the longer end of the yield curve.

The performance of the Canadian equity portfolio was slightly behind the benchmark (S&P/TSX Composite) despite posting a strong positive return. An absence of exposure to Healthcare helped the relative performance as the sector came under pressure. Holdings in various sectors contributed to the performance of the portfolio with Bank of Nova Scotia, Barrick Gold, Canadian Natural Resources, Home Capital, Metro, and Teck Resources posting strong double digit returns. An underweight to Materials, primarily gold companies, detracted from the performance as a rally in gold took hold during the period.

The foreign equity portfolio had a negative return; however, it was ahead of the benchmark (MSCI World) in Canadian dollar terms. Performance was led by Health Care positions, Johnson & Johnson and Zimmer, as well as Energy holdings Chevron, Exxon Mobil, and Royal Dutch Shell. The Financials and Consumer Discretionary holdings were a detractor to the performance of the portfolio.

The Fund size increased during the six months to $90.6 million from $46.9 million at the beginning of the year. Operations increased net assets by approximately $4.8 million; net contributions and distributions, including reinvested distributions, had a positive impact of approximately $42.1 million.

Recent Developments

Several Canadian and foreign equity positions were sold as they reached their target price. In the Canadian portfolio a new position was initiated in the Financial sector taking advantage of a pricing opportunity.

In the bond portfolio, the provincial sector weighting was reduced in the second quarter to take advantage of tighter spreads. The portfolio continues to maintain an overweight position in both provincial and corporate bonds, with a bias to higher quality holdings. Overall portfolio duration remains defensively positioned.

Asset mix continues to be targeted at the long term policy benchmark with 60% in equities and 40% in fixed income, including a small allocation to cash.

In the Canadian equity portfolio, Canadian Oil Sands was eliminated earlier in the period due to relatively unattractive valuations following the takeover offer by Suncor. The small position in Cameco was eliminated and the proceeds were used to add to the existing position in energy company Husky. Husky is a strong operator with a healthy balance sheet and is running their operations assuming a prolonged lower oil price.

A new position in CI Financial was established. The company is the largest independent wealth management firm in Canada that offers a variety of investment products to both institutional investors and retail clients. The company is very profitable and has a strong balance sheet with minimal debt. In addition, it is shareholder friendly with a history of dividend increases and occasional share buy backs.

In the foreign equity portfolio, Baxter International along with recent spinoff Baxalta, and Symantec were eliminated from the portfolio.

The position in hospital supplies company Baxter International was sold with the shares trading at fair value with expectations of limited upside going forward. The stock price had appreciated after the company recently spun off its biosciences division Baxalta, and management announced its strategic plan going forward. Baxalta was sold as the shares rallied following news that competitor Shire had revised their previous offer to acquire the company. Regulatory risks remain with regards to this deal and the shares are now more fully valued. The exposure to Symantec was eliminated amid growing concern about the lack of revenue growth in both its consumer and enterprise segments. While a new strategic plan and increased shareholder returns through dividends and share buybacks are encouraging, a more competitive landscape is eroding their market share.

Aggressive actions taken by the European Central Bank and the Bank of Japan continue to push interest rates into negative territory as they try to boost economic activity. Global economic growth is expected to trend lower as forecasts continue to be revised downwards. In the U.S. disappointing labour market data kept the Federal Reserve on the sidelines. Furthermore, given the Brexit result, interest rate hikes in the U.S. have now been priced out of the market for 2016.

Related Party Transactions

Lincluden Investment Management Limited ("Lincluden") is the Trustee, Portfolio Advisor and Manager of the Fund, receiving a fee for the services the firm provides as Portfolio Advisor. Lincluden pays commissions to investment dealers who transact in buy and sell activity in the Fund's investments at a rate that is reflective of the general service provided to Lincluden by the dealer. The quality of service is generally measured related to the execution capabilities of the dealer but may also reflect the quality of investment research made available by the dealer. Lincluden provides, or arranges for the provision of, all general management and administrative services required by the Fund in its day to day operations.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Lincluden Balanced Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2016 and for the past 5 financial years ended December 31. This information is derived from the Fund's unaudited interim financial statement and the audited annual financial statements.

Net Assets per Unit– Series A (Series A units established July 20, 2007)						
	Interim (June 2016)	2015	2014	2013	2012	2011
Net Assets, beginning of period[1, 2,]	$14.67	$14.47	$14.04	$12.46	$11.72	$12.57
Increase (decrease) from operations:						
Total revenue	$0.23	$0.43	$0.46	$0.42	$0.39	$0.40
Total expenses	($0.16)	($0.34)	($0.31)	($0.30)	($0.22)	($0.25)
Realized gains (losses) for the period	$0.06	$0.56	($0.05)	$0.22	$0.09	$0.33
Unrealized gains (losses) for the period	$0.07	($0.26)	$0.63	$1.43	$0.89	($1.15)
Total increase (decrease) from operations[1]	$0.20	$0.39	$0.73	$1.77	$1.15	($0.67)
Distributions:						
From income (excluding dividends)	$0.06	$0.10	$0.10	$0.08	$0.18	$0.08
From dividends	NIL	$0.04	$0.04	$0.05	$0.11	$0.04
From capital gains	NIL	$0.06	$0.13	NIL	NIL	$0.06
Return of capital	NIL	NIL	NIL	NIL	NIL	NIL
Total distributions[3, 4]	$0.06	$0.20	$0.27	$0.13	$0.29	$0.19
Net Assets, end of period[1, 2, 5]	$14.85	$14.67	$14.47	$14.04	$12.44	$11.72
Net Assets per Unit – Series O						
	Interim (June 2016)	2015	2014	2013	2012	2011
Net Assets, beginning of period[1, 2]	$15.44	$15.20	$14.73	$14.73	$13.07	$12.15
Increase (decrease) from operations:						
Total revenue	$0.25	$0.46	$0.48	$0.48	$0.44	$0.39
Total expenses	($0.02)	($0.04)	($0.04)	($0.04)	($0.04)	($0.02)
Realized gains (losses) for the period	$0.06	$0.59	$0.04	$0.04	$0.23	$0.09
Unrealized gains (losses) for the period	$0.24	($0.26)	$0.53	$0.53	$1.43	$0.82
Total increase (decrease) from operations[1]	$0.53	$0.74	$1.01	$1.01	$2.06	$1.28
Distributions:						
From income (excluding dividends)	$0.20	$0.28	$0.31	$0.31	$0.26	$0.24
From dividends	NIL	$0.14	$0.14	$0.14	$0.15	$0.14
From capital gains	NIL	NIL	$0.12	$0.12	NIL	$0.01
Return of capital	NIL	NIL	NIL	NIL	NIL	NIL
Total distributions[3, 4]	$0.20	$0.23	$0.57	$0.57	$0.41	$0.38
Net Assets, end of period[1, 2, 5]	$15.64	$15.44	$15.20	$15.20	$14.73	$13.05

[1]Net asset value 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 number of units outstanding over the financial period.

[2] Information from 2015, 2014 and 2013 is in accordance with IFRS. Information for years prior to 2013 is reported under Canadian GAAP. Specifically, Canadian GAAP Section 3855 results in a difference between the Transactional NAV and the GAAP NAV due to the differences in valuation techniques of certain investments. For investments that are traded in an active market where quoted prices are readily and regularly available, Canadian GAAP Section 3855 requires bid prices (for investments held) to be used in the fair valuation of investments, rather than the use of closing sale prices used for the purpose of determining Transactional NAV. This difference was eliminated upon adoption of IFRS.

[3]Distributions were reinvested in additional units of the Fund.

[4]The Fund's prospectus provides that, "Each calendar year, the Fund distributes net income and net realized capital gains to Unitholders of the Fund to the extent necessary to ensure the Fund does not pay ordinary income tax. Distributions of income may be made periodically throughout the year on a schedule to be determined by the Manager. Distributions of capital gains are normally made in December of each year. At a minimum, the Fund will effect a distribution on the last business day of the year. Distributions from the Fund will be automatically reinvested in Units of the Fund." Currently net income is distributed on a quarterly basis and net capital gains during the month of December.

[5]The financial highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Ratios and Supplemental Data – Series A (Series A units established July 20, 2007)						
	Interim (June 2016)	2015	2014	2013	2012	2011
Total net asset value ($) (000s)	$1,153	$1,264	$1,223	$851	$959	$2,927
Number of units outstanding	77,621	86,144	84,554	60,648	77,305	249,397
Management expense ratio (%)[1]	2.04%	2.10%	2.11%	2.12%	1.82%	2.03%
Management expense ratio before absorptions (%)[1]	2.37%	2.50%	2.53%	2.60%	2.26%	2.51%
Portfolio turnover rate (%)[2]	19.90%	33.99%	57.09%	41.80%	42.30%	62.17%
Trading expense ratio (%)[3]	0.04%	0.03%	0.05%	0.06%	0.05%	0.06%
Net asset value per unit	$14.85	$14.67	$14.47	$14.04	$12.46	$11.74
Ratios and Supplemental Data – Series O						
	Interim (June 2016)	2015	2014	2013	2012	2011
Total net asset value ($) (000s)	$89.402	$45,617	$41,232	$38,062	$38,198	$39,105
Number of units outstanding	5,716,712	2,954,688	2,713,148	2,584,414	2,922,758	3,213,219
Management expense ratio (%)[1]	2.04%	2.09%	2.11%	2.12%	2.13%	2.14%
Management expense ratio before absorptions (%)[1]	2.36%	2.48%	2.52%	2.59%	2.58%	2.62%
Portfolio turnover rate (%)[2]	19.90%	33.99%	57.09%	41.80%	42.30%	62.17%
Trading expense ratio (%)[3]	0.04%	0.03%	0.05%	0.06%	0.05%	0.06%
Net asset value per unit	$15.64	$15.44	$15.20	$14.73	$13.07	$12.17

[1] Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It assumes the maximum management fee allowed for in the Fund's Simplified Prospectus.
[2] The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees & Dealer Compensation

Series O

The Fund pays no management fees to Lincluden. For management services provided by Lincluden, in its role of portfolio advisor to the Fund, the Fund's Series O investors will pay a management fee directly to Lincluden.

The maximum annual management fee before GST/HST (expressed as a percentage of assets under management by Lincluden) payable to Lincluden is 1.75%. A lower fee may apply to larger account balances.

The management fee payable is calculated and accrued on the last valuation date of each month, based on the value of the investor's units on that date, and is payable on the last valuation date in each month. Payment of the investment management fee is generally effected by redemption of units held by the investor in the Fund in the amount of the applicable management fee.

Series A

Lincluden is entitled to an annual management fee from the series A units of the Fund of 1.75%. A lower fee of 1.25% may apply to larger account balances in the form of a management fee rebate. The management fee for the series A units of the Fund is based on the average daily net asset value of the series A units of the Fund and is payable monthly, in arrears.

To assist with distribution, administration and other client services, Lincluden pays dealers a trailer fee out of the management fees received. The trailer fee is a percentage of the total NAV per unit of all Class A and Class O units held by each dealer's clients. For the six months ended June 30, 2015, approximately 16.1% of the management fees paid to us were used to fund commissions to dealers.

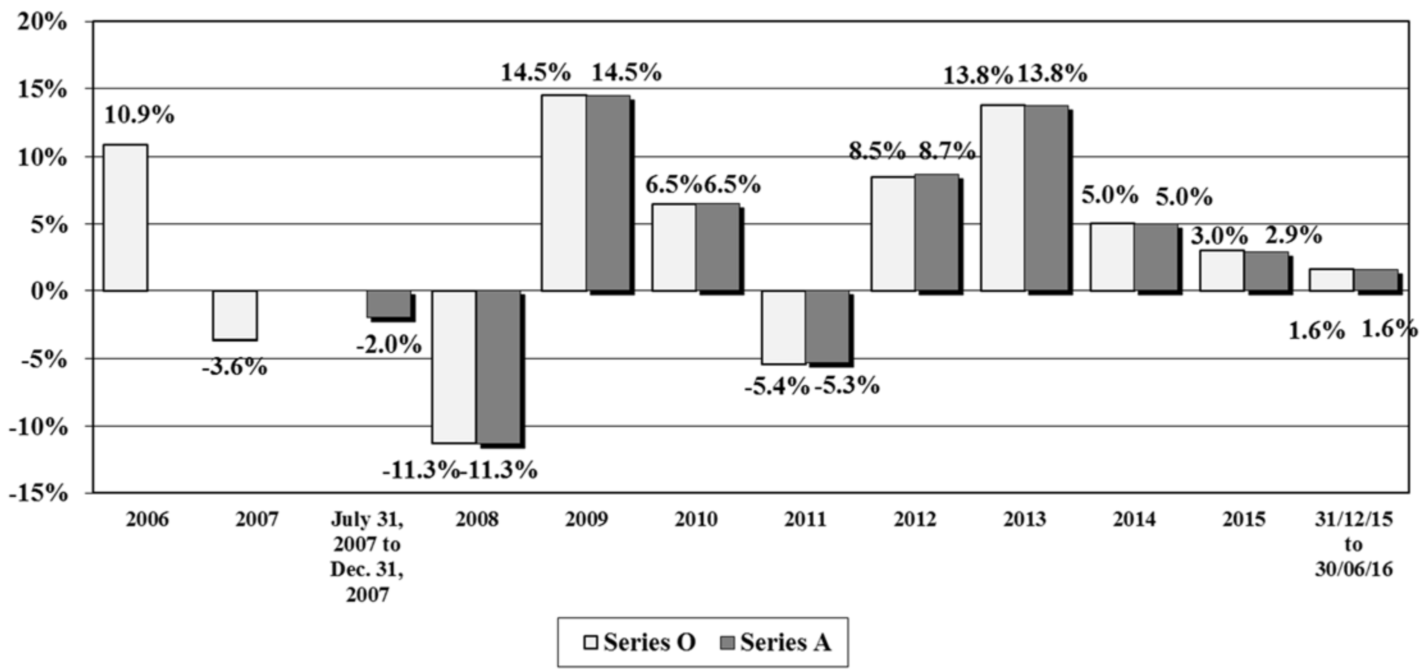
PAST PERFORMANCE

The performance information shown below assumes that all distributions made by the Fund were reinvested in additional units of the Fund. It does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. The returns are presented net of the maximum management fee that may be charged to an investor.

The return on mutual funds is not guaranteed. How the Fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's annual performance for each of the periods shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment in the Fund held on the last day of the prior period would have grown or decreased by the last day of each period.



SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2016

Sector Mix	% of Fund's Net Asset Value		
Fixed Income	38.1%		
Canadian		38.0%	
Federal			6.6%
Provincial			15.4%
Municipal			0.4%
Corporate			15.6%
International		0.1%	
Corporate			0.1%
Equities	59.8%		
Canadian		29.1%	
Capital Goods			1.1%
Consumer			2.5%
Energy			5.4%
Financials			12.7%
Info Tech			1.8%
Materials			2.1%
Telecom. Services			2.2%
Transportation & Utilities			3.5%
United States		17.7%	
Consumer			3.3%
Energy			2.1%
Financials			4.2%
Health Care			2.2%
Industrials			2.0%
Info Tech			2.9%
Telecom. Services			1.0%
International		13.0%	
France			2.5%
Germany			2.1%
Hong Kong			0.3%
Israel			0.4%
Japan			1.2%
Netherlands			1.5%
Switzerland			1.3%
United Kingdom			3.7%
Other Net Assets	2.1%		
	100.0%		

Top 25 Positions	% of Fund's Net Asset Value
Province of Ontario, 4.200%, 2020/06/02	3.9%
Government of Canada, 0.75%, 2021/03/01	3.6%
Royal Bank of Canada	2.1%
Toronto-Dominion Bank	2.1%
Bank of Nova Scotia	2.1%
Province of Ontario, 3.150% 2022/06/02	2.1%
Canada Housing Trust No. 1, Floating Rate,1.067%, 2021/09/15	1.7%
Province of Quebec, 2.750%, 2025/09/01	1.5%
Husky Energy Inc.	1.5%
Province of Ontario, Floating Rate, 1.330%, 2021/03/16	1.5%
Home Capital Group Inc.	1.4%
Province of Quebec, 4.250%, 2021/12/01	1.4%
Bank of Montreal, 2.430%, 2019/03/04	1.4%
Canadian Natural Resources Ltd.	1.2%
Canadian National Railway Co.	1.2%
Cenovus Energy Inc.	1.1%
Canadian Imperial Bank of Commerce	1.1%
BCE Inc.	1.1%
Brookfield Property Partners L.P.	1.1%
CGI Group Inc., Class 'A'	1.1%
Province of British Columbia, 3.250%, 2021/12/18	1.1%
Government of Canada, Treasury Bill, 0.45%, 2016/07/14	1.0%
Verizon Communications Inc.	1.0%
Johnson & Johnson	1.0%
Suncor Energy Inc.	1.0%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates on the Fund's holdings may be obtained free of charge by calling us at 905-273-4240 (1-844-373-4240), or by writing us at Lincluden Investment Management Limited, 201 City Centre Drive, Suite 201, Mississauga, Ontario, L5B 2T4, or by visiting our website at www.lincluden.com or SEDAR at www.sedar.com.