Lincluden Balanced Fund

Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2018

Dear Investor,

This semi-annual management report of fund performance contains financial highlights but does not contain the complete 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 are 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

As of May 28, 2018 Lincluden Investment Management Limited announced in a press release, changes to the risk rating classification of the fund as "Low-to-Medium" from "Medium", which was previously disclosed. This change is the result of complying with the recently mandated Canadian Securities Administrators" updated risk classification methodology. For more information please refer to the Fund's simplified prospectus dated May 28, 2018.

Results of Operations

Equity markets bounced back to end the first half, reversing the decline that occurred earlier in the year. Financial markets remain quite volatile led by headlines related to global trade tariffs initiated by President Trump and his administration. The tariffs could lead to an all-out trade war with countries retaliating by implementing their own tariffs against the U.S. Such measures could be very damaging to the global economy. In the U.S., the unemployment rate continues to decline to levels not seen in nearly fifty years. Corporate tax cuts and the fiscal stimulus package have added a strong boost to economic growth prospects. Consumer spending has been robust as lower taxes and gradually increasing wages have put consumers in a better financial position. Expectations are for the Federal Reserve to raise rates three times in total during 2018, however this will be dependent on economic data. The Bank of Canada kept the overnight rate unchanged during the second quarter. Prospects for any future rate hikes will be very much data dependent along with the potential impact of any escalation in trade talks. The Canadian dollar has suffered during this process and declined further during the quarter.

Interest rates were fairly volatile during the period with an upward bias in most maturities with the exception of the long end of the curve. The yield curve flattened as a result, with longer-dated government bonds outperforming shorter-dated bonds. The yield on the thirty-year Government of Canada bond declined by 6 b.p., ending the quarter at 2.20%. The yield on ten-year government bonds increased by 9 b.p..ending the quarter at 2.17%. The yield on the five-year bond increased by 16 b.p., ending the quarter at 2.06%

For the 6 months of the year, the Fund posted a positive return, however it lagged the benchmark. Canadian equities posted a moderate return during the period while Global equities appreciated slightly. The bond portfolio slightly outperformed the benchmark return during the first six months of the year.

The performance of the Canadian equity portfolio was ahead of the benchmark (S&P/TSX Composite). Strong stock selection across several sectors contributed to the performance of the portfolio. Consumer related holdings Magna and Metro had solid returns during the period. The energy holdings fared well on the back of rising oil prices with Canadian Natural Resources, Cenovus, Husky Energy, Pason Systems, and Suncor Energy adding to the performance. A few of the Financials including Bank of Nova Scotia, Home Capital, and Intact Financial detracted from the performance. Industrials Bird Construction and Richelieu Hardware posted negative returns. Information Technology companies CGI Group and Constellation Software had strong returns during the period. Not having any exposure to Utilities helped as the sector declined.

The foreign equity portfolio had a positive return; however, it lagged the benchmark (MSCI World) in Canadian dollar terms. A lower exposure to Consumer Discretionary, Healthcare, and Information Technology was a detractor to the performance as those sectors posted solid returns. The energy holdings including Devon Energy, Royal Dutch Shell and Total SA performed well on the back of rising oil prices. Consumer related holdings Dollar General and Lowes performed well while Aryzta, Walgreens Boots Alliance, and Walmart underperformed. Information Technology companies Cisco and Microsoft added to the performance. Real Estate holdings Federal Realty Trust and Washington prime group posted strong returns during the period.

The Fund size decreased during the six months to $86.8 million from $93.2 million at the beginning of the year. Operations increased net assets by approximately $1.3 million; net contributions and distributions, including reinvested distributions, had a negative impact of approximately $6.6 million.

Recent Developments

The duration of the portfolio has been managed in a defensive fashion, with a duration shorter than the benchmark. The duration position was shortened further as yields declined in early June. The spread between corporate bonds and Government of Canada bonds widened during the period, however corporate bonds still benefitted from the relative yield advantage. The portfolio continues to maintain an overweight position in high quality corporate bonds. Provincial bond spreads widened against Government of Canada bonds as well. The provincial bond holdings are below benchmark weight as spreads remain at relatively tight levels.

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

In the Canadian equity portfolio, the positions in CAE and Teck Resources were sold, while a new position in Alimentation Couche Tard was initiated.

CAE hit all-time highs in the first quarter of 2018. Valuation multiples became stretched and the position was sold taking profits. Teck Resources hit the highest price in a decade. This company is extremely cyclical and the position was eliminated realizing profits.

A new position in Alimentation Couche Tard was initiated. The company operates a network of convenience stores, most associated with gas stations, in Canada, the U.S. and Baltic countries. It has grown through numerous acquisitions with its principal brands Circle K, Couche-Tard, Mac's and Statoil Alimentation. The company has an excellent record of making acquisitions and improving the performance of what it buys with an enviable record of growth and high returns on equity and invested capital. Couche-Tard has been on our watch list for years and finally got to an acceptable buy price as Metro had to sell its position to fund its Jean Coutu acquisition.

In the Foreign equity portfolio, the holdings in Aryzta, Tate & Lyle and Union Pacific were sold. New positions in AMS, Dow DuPont, Dollar General, Federal Realty Investment Trust, Lowes, and Nordea Bank were initiated.

The position in Aryzta was eliminated. The company had lowered their guidance for the year as weak trends continue to persist. Management announced the sale of a U.S. based plant which was losing money, and stated its intention to dispose of its stake in Picard – a retail bakery. The company was evaluated in light of these events and our estimate of the valuation of its shares was lowered. We also felt that management's credibility was lacking.

Tate & Lyle performed very well during the quarter as earnings came in above expectations. As a result, the stock increased in price and traded above our target price leading us to exit the position.

Union Pacific was sold as the stock had rallied beyond our target price leading to an unattractive risk/reward outlook.
Shares in AMS had corrected sharply on concerns of iPhone demand, however the company has tremendous growth opportunities both with Apple and moreso outside of it. Valuation is attractive and we believe the company and its technologies are evolving beyond iPhone exposure.

Dow Dupont is the creation of merging Dow Chemical and Dupont. The CEO has outlined clear plans to separate the combined company into three specific businesses. Valuation is attractive as the breakup of the company should yield improved focus and unlock shareholder value.

Dollar General stock was down heavily on earnings that was affected by short term issues. It is trading at an attractive valuation. It is a high quality company that generates strong returns and has lots of growth potential for new stores in rural America. In addition, this is one of the few retail companies that is less sensitive to disruption from Amazon.

Federal Realty Investment Trust has retail focused properties comprised of community shopping centres and mixed-use properties featuring residential and office uses. Its markets are in densely populated and affluent areas in the Northeast, Mid-Atlantic, and California markets. We view this as a very high quality company, demonstrated by its over-50 year record of increasing dividends. With the recent interest rate rises, the shares have come off with valuation below historical averages.
Shares in Lowes had fallen after reporting weaker than expected earnings and underperformed its peer group by a wide margin. Valuation entered attractive territory and the company had implemented several initiatives to improve results. The position contributed positively to performance as the company reported better than expected quarterly earnings and announced the hiring of a new CEO who is well regarded in the industry.

Shares in Nordea Bank had come under pressure as the company actively decreased its risk exposure to Russia and oil loans and has thus negatively impacted revenue growth. However, the company has excess capital, a very high dividend yield and valuation is very attractive. The company is relocating to Finland, which falls under European Central Bank rules, which are less stringent than Sweden's regulator and should have a positive impact on capital returns.

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, 2018 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						
	Interim (June 2018)	2017	2016	2015	2014	2013
Net Assets, beginning of period[1, 2,]	$16.04	$15.71	$14.67	$14.47	$14.04	$12.46
Increase (decrease) from operations:						
Total revenue	$0.25	$0.46	$0.44	$0.43	$0.46	$0.42
Total expenses	($0.18)	($0.35)	($0.33)	($0.34)	($0.31)	($0.30)
Realized gains (losses) for the period	$0.47	$0.32	$0.21	$0.56	($0.05)	$0.22
Unrealized gains (losses) for the period	($0.45)	($0.01)	$0.77	($0.26)	$0.63	$1.43
Total increase (decrease) from operations[1]	$0.09	$0.42	$1.09	$0.39	$0.73	$1.77
Distributions:						
From income (excluding dividends)	$0.06	$0.14	$0.07	$0.10	$0.10	$0.08
From dividends	NIL	NIL	$0.04	$0.04	$0.04	$0.05
From capital gains	NIL	NIL	NIL	$0.06	$0.13	NIL
Return of capital	NIL	NIL	NIL	NIL	NIL	NIL
Total annual distributions[3, 4]	$0.06	$0.14	$0.11	$0.20	$0.27	$0.13
Net Assets, end of period[1, 2, 5]	$16.07	$16.04	$15.71	$14.67	$14.47	$14.04

Net Assets per Unit– Series F (Series F units established December 8, 2017)						
	Interim (June 2018)	2017	2016	2015	2014	2013
Net Assets, beginning of period[1, 2,]	$16.81	$-				
Increase (decrease) from operations:						
Total revenue	$0.26	$0.02				

Total expenses	($0.05)	$-				
Realized gains (losses) for the period	$0.50	$0.07				
Unrealized gains (losses) for the period	($0.47)	($0.17)				
Total increase (decrease) from operations[1]	$0.24	($0.08)				
Distributions:						
From income (excluding dividends)	$0.22	$0.10				
From dividends	NIL	NIL				
From capital gains	NIL	$0.11				
Return of capital	NIL	NIL				
Total annual distributions[3, 4]	$0.22	$0.21				
Net Assets, end of period[1, 2, 5]	$16.83	$16.81				

Net Assets per Unit – Series O						
	Interim (June 2018)	2017	2016	2015	2014	2013
Net Assets, beginning of year[1, 2]	$16.93	$16.56	$15.44	$15.20	$14.73	$13.07
Increase (decrease) from operations:						
Total revenue	$0.26	$0.49	$0.47	$0.46	$0.48	$0.44
Total expenses	($0.02)	($0.04)	($0.04)	($0.04)	($0.04)	($0.04)
Realized gains (losses) for the period	$0.50	$0.30	$0.23	$0.59	$0.04	$0.23
Unrealized gains (losses) for the period	($0.49)	$0.16	$1.03	($0.26)	$0.53	$1.43
Total increase (decrease) from operations[1]	$0.25	$0.91	$1.69	$0.74	$1.01	$2.06
Distributions:						
From income (excluding dividends)	$0.25	$0.40	$0.27	$0.28	$0.31	$0.26
From dividends	NIL	NIL	$0.13	$0.14	$0.14	$0.15
From capital gains	NIL	NIL	NIL	$0.08	$0.12	NIL
Return of capital	NIL	NIL	NIL	NIL	NIL	NIL
Total annual distributions[3, 4]	$0.25	$0.40	$0.40	$0.50	$0.57	$0.41
Net Assets, end of period[1, 2, 5]	$16.95	$16.93	$16.56	$15.44	$15.20	$14.73

[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 is in accordance with IFRS.
[3] Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[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						
	Interim (June 2018)	2017	2016	2015	2014	2013
Total net asset value ($) (000s)	$950.00	$996.00	$1,196.00	$1,264.00	$1,223.00	$851
Number of units outstanding	59,125	62,076	76,113	86,144	84,554	60,648
Management expense ratio (%)[1]	2.06%	2.03%	2.03%	2.10%	2.10%	2.12%
Management expense ratio before absorptions (%)[1]	2.06%	2.03%	2.31%	2.50%	2.50%	2.60%
Portfolio turnover rate (%)[2]	14.82%	27.08%	31.56%	33.99%	57.09%	42.30%
Trading expense ratio (%)[3]	0.04%	0.04%	0.05%	0.03%	0.05%	0.06%
Net asset value per unit	$16.07	$16.04	$15.71	$14.67	$14.47	$14.04

Ratios and Supplemental Data – Series F (Series F units established Dec 8, 2017)						
	Interim (June 2018)	2017	2016	2015	2014	2013
Total net asset value ($) (000s)	$55,379.00	$57,877.00				
Number of units outstanding	3,290,426	3,442,518				
Management expense ratio (%)[1]	0.37%	0.01%				
Management expense ratio before absorptions (%)[1]	0.37%	0.01%				
Portfolio turnover rate (%)[2]	14.82%	27.08%				
Trading expense ratio (%)[3]	0.04%	0.04%				
Net asset value per unit	$16.83	$16.81				

Ratios and Supplemental Data – Series O						
	Interim (June 2018)	2017	2016	2015	2014	2013
Total net asset value ($) (000s)	$30,328.00	$34,315.00	$93,483.00	$45,617.00	$41,232.00	$38,062
Number of units outstanding	1,789,192	2,026,372	5,644,495	2,954,688	2,713,148	2,584,414
Management expense ratio (%)[1]	0.08%	0.06%	0.06%	0.12%	0.13%	0.14$
Management expense ratio before absorptions (%)[1]	0.08%	0.06%	0.32%	0.51%	0.52%	0.61%
Portfolio turnover rate (%)[2]	14.82%	27.08%	31.56%	33.99%	57.09%	41.80%
Trading expense ratio (%)[3]	0.04%	0.04%	0.05%	0.03%	0.05%	0.06%
Net asset value per unit	$16.95	$16.93	$16.56	$15.44	$15.20	$14.73

[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 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, 2018, approximately 16.25% of the management fees paid to us were used to fund commissions to dealers.

Series F

Lincluden is entitled to an annual management fee from the series F units of the Fund of 0.25%. The management fee for the series F units of the Fund is based on the average daily net asset value of the series F units of the Fund and is payable monthly, in arrears.

Series F units are available only to investors who participate in a qualifying fee-based program with pre-qualified representatives. Minimum investments may apply. Lincluden does not pay trailer fees Series O and A units, they are only paid on Series F units.

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.

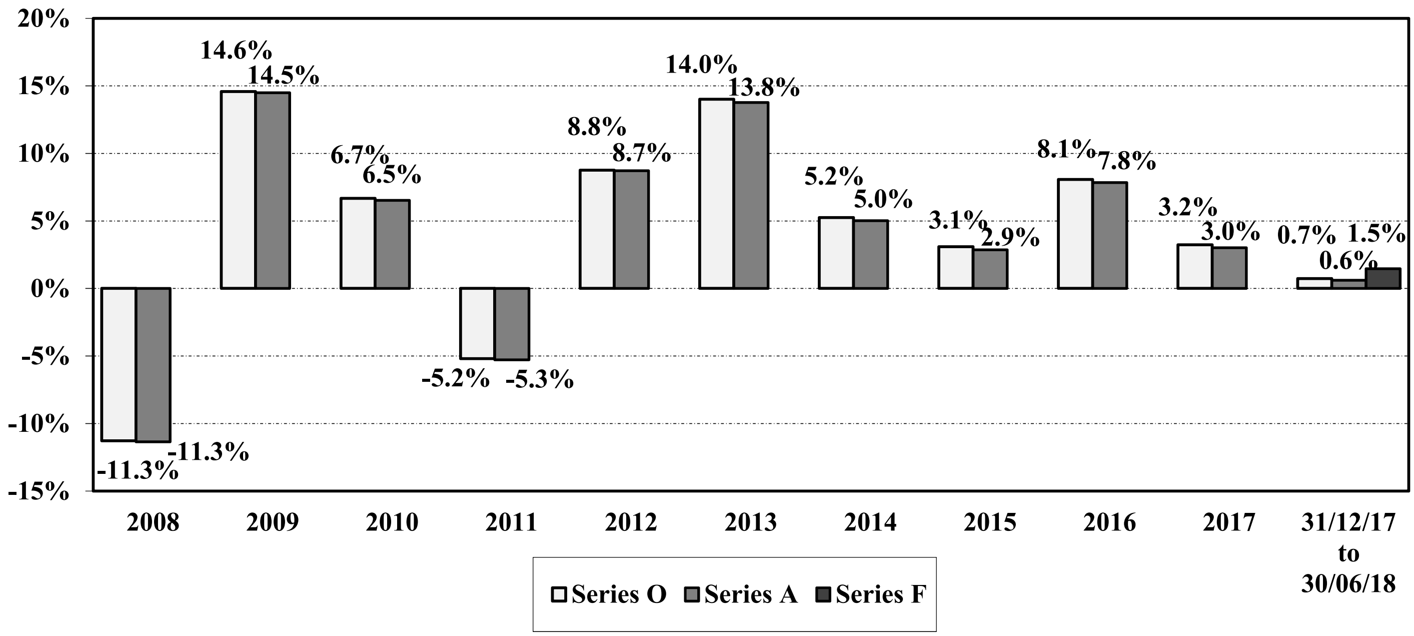
PAST PERFORMANCE

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, 2018

Sector Mix	% of Fund's Net Asset Value		
Fixed Income	38.20%		
Canadian		38.20%	
Federal			10.50%
Provincial			11.40%
Municipal			0.00%
Corporate			16.30%
Equities	57.70%		
Canadian		29.30%	
Capital Goods			0.00%
Consumer			2.10%
Energy			6.00%
Financials			11.20%
Industrials			1.70%
Info Tech			3.40%
Materials			2.40%
Telecom. Services			1.20%
Transportation			1.30%
United States		16.50%	
Consumer			3.20%
Energy			1.40%
Financials			4.70%
Health Care			1.50%
Industrials			1.00%
Info Tech			3.20%
Materials			0.60%
Telecom. Services			0.90%
International		11.90%	
Austria			0.20%
France			2.60%
Germany			2.60%
Hong Kong			0.40%
Japan			0.70%
Netherlands			1.50%
Sweden			0.30%
Switzerland			0.80%
United Kingdom			2.80%
Short-Term Investments	0.50%		
Other Net Assets	3.60%		
	100.00%		

Top 25 Positions	% of Fund's Net Asset Value
Province of Ontario, 3.150%, 2022/06/02	5.2%
Government of Canada, 2.250%, 2025/06/01	5.1%
Government of Canada, 0.750%, 2021/03/01	4.2%
Toronto-Dominion Bank (The)	2.3%
Royal Bank of Canada	2.2%
Cenovus Energy Inc.	2.0%
Bank of Nova Scotia	2.0%
Husky Energy Inc.	1.9%
Canadian Imperial Bank of Commerce	1.4%
Province of Quebec, 4.250%, 2021/12/01	1.4%
Province of Quebec, 2.750%, 2025/09/01	1.3%
Canadian National Railway Co.	1.3%
CGI Group Inc., Class 'A'	1.2%
Computer Modelling Group Ltd.	1.2%
Cisco Systems Inc.	1.2%
CCL Industries Inc., Class 'B'	1.1%
Bird Construction Inc.	1.0%
Province of British Columbia, 3.250%, 2021/12/18	1.0%
Honeywell International Inc.	1.0%
Stella-Jones Inc.	1.0%
Constellation Software Inc.	0.9%
Verizon Communications Inc.	0.9%
Siemens AG, ADR	0.9%
Toronto-Dominion Bank (The), 2.563%, 2020/06/24	0.8%
Microsoft Corp.	0.8%

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.