

BAROMETER CAPITAL MANAGEMENT INC.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
for the six-month period ended June 30, 2019

Barometer Disciplined Leadership Equity 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 EQUITY FUND MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2019

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, 2018, the investment fund's fiscal year end, to June 30, 2019. 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 Equity 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 equity securities without geographic restrictions. Holdings are not restricted by market capitalization size or sector, and there is an emphasis on investing in actively traded securities.

Results of Operations

During the six-month period ended June 30, 2019, Class A units returned 10.2%, Class F units returned 10.8% and Class I units returned 11.7%*. The Fund's benchmark is a 25/70/5 blend of the S&P/TSX Composite Total Return Index, MSCI World Net Total Return Index (CAD) and FTSE TMX Canada Universe and Maple Bond Index, which returned 13.1% for the six-month period ended June 30, 2019. 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 40.3% from \$24.8 million on December 31, 2018, to \$14.8 million on June 30, 2019. This change was composed primarily of net redemptions of \$12.1 million along with a positive investment performance which resulted in an overall decrease in net asset value for the six-month period ended June 30, 2019.

The Fund underperformed its blended benchmark by 3.0%, 2.4%, and 1.4%, for each respective class, primarily due to sector exposure.

After a deep correction in the fourth quarter of 2018, equity markets rallied through the first half of 2019, with U.S. markets leading the way. However, as the year began, the Fund remained defensively positioned to protect against the possibility of a market retest of the December lows. As the market continued to perform well and show sustained strength, Barometer layered on more equity exposure.

While the uncertainty over trade policy between the U.S. and China, which was first seen in 2018 has lingered in the first half of 2019, the U.S. equity market has proven to be resilient despite negative headlines by finishing the first half of the year near all-time highs.

After a strong first four months of the year, U.S. equity markets corrected in May. This correction was short-lived and markets resumed strength into June. Within the S&P 500, the financials sector was the strongest performer during the second quarter of the year, primarily driven by the strength of U.S. insurance companies with investors favouring their strong domestic presence and minimal international exposure. Gold rallied in June, breaking out of a 5-year consolidation on the back of a weakening U.S. Dollar, and its status as a safe haven asset given the spike in policy uncertainty seen during the month. With a strengthening gold price, the materials sector also experienced a strong first half of the year. Crude oil continued the rally that began in December but experienced volatility in May due to geopolitical instability within OPEC. Bonds rallied throughout the second quarter of the year, as interest policy became more accommodative.

During the second quarter of the year, U.S. economic data was neither particularly positive or negative with some strong employment data that contrasted with slowing growth numbers. However, the U.S. Federal Reserve has indicated willingness to ease monetary policy by lowering interest rates if growth continues to slow – this has provided a catalyst for stronger markets.

Individually, the S&P/TSX Composite Total Return Index, MSCI World Net Total Return Index (CAD) and the FTSE TMX Canada Universe Bond Index and posted returns of 16.2%, 12.4%, and 6.5%, respectively, with most sectors experiencing growth during the six-month period.

Throughout the first half of 2019, the Manager repositioned the Fund into different sectors which increased its exposure to the information technology, industrials, and communication services sectors; while at the same time reducing its exposure to healthcare and the Funds cash holdings.

*Class I of the Barometer Disciplined Leadership Equity Fund was launched on December 10, 2018.

BAROMETER DISCIPLINED LEADERSHIP EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-month period ended June 30, 2019

The information technology sector increased to approximately 23.3% from 2.8% over the six-month period, as a result of strong results from internet companies. Positions that had a positive impact on the Fund in this sector included PayPal Holdings Inc. (PYPL:NASDAQ) and Shopify Inc. (SHOP:TSX) which gained 28.3% and 49.5%, respectively. The industrials sector increased to 22.4% from 8.0% during the period, as gold rallied in June, breaking out of a 5-year consolidation on the back of a weakening U.S. Dollar, and its status as a haven asset given the spike in policy uncertainty seen during the month. With a strengthening gold price, the materials sector also experienced a strong first half of the year. Positions which had a positive impact on the Fund in this sector included Air Canada (AC:TSX) and Waste Connections Inc. (WCN:TSX) which gained 15.9% and 10.5%, respectively. In addition, the communication services sector increased to 13.5% from 0% during the period, as internet and telecommunications companies gained strength. Communication service position Altice USA Inc. (ATUS:NYSE) had a positive impact on the Fund's performance which gained 6.6%.

During the six-month period, the Fund reduced its exposure in the healthcare sector, as a result of Healthcare positions such as Amgen Inc. (AMGN:NASDAQ) and Danaher Corp. (DHR:NYSE), which had negative impacts on the Fund's performance by 7.2% and 5.8%, respectively.

Cash was also reduced to from 14.1% to 0.8%, as the equity market regained strength.

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

It will be important to observe U.S. economic data to determine whether interest rate cuts will occur; however, the performance of the S&P 500 following the first U.S. Federal Reserve interest rate cut in a non-recessionary environment is usually consistent with good forward performance over one and two-year time horizons.

As it stands, the futures market places the odds of an interest rate cut by the U.S. Federal Reserve in July at 100% and nearly 95% for two interest rate cuts before the end of the year. With this move in interest rates, the bond market could sell-off, and leading investors will be more inclined to increase their equity exposure.

Market participants remain vigilant of global trade tensions, specifically between the U.S. and China. Should further indication be given that these tensions are increasingly likely to be settled in the near-term, Barometer expects more investors to be willing to adopt a risk-on posture. Generally, investors are underexposed to equities and have sat on the sidelines through most of the recent move to new highs. Equity exposure levels observed, continue to show that U.S. equities remain under-owned relative to historic data trends.

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.

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, 2019, the management fee earned, inclusive of applicable taxes, was \$0.1 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 not any accrued Performance Fees for the six-month period ended June 30, 2019.

BAROMETER DISCIPLINED LEADERSHIP EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2019

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)						
	2019	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$10.04	\$13.11	\$11.85	\$11.40	\$10.68	\$10.00
Increase (decrease) from operations:						
Total revenue	0.09	0.10	0.11	0.14	0.13	0.12
Total expenses	(0.17)	(0.35)	(0.33)	(0.32)	(0.34)	(0.30)
Realized gains/(losses) for the period	0.33	(1.20)	0.98	0.75	0.75	(0.57)
Unrealized gains/(losses) for the period	0.92	(1.63)	0.50	(0.09)	0.10	1.04
Total increase (decrease) from operations (3)	\$1.17	(\$3.08)	\$1.26	\$0.48	\$0.64	\$0.29
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions (3) (4)	-	-	-	-	-	-
Net asset value, end of period (3)	\$11.04	\$10.04	\$13.11	\$11.85	\$11.40	\$10.68
Ratios and Supplemental Data						
Total net asset value (5)	\$ 6,747,527	\$11,392,937	\$14,425,739	\$16,682,531	\$17,449,480	\$15,180,240
Number of units outstanding (5)	611,390	1,137,197	1,100,129	1,408,151	1,530,413	1,421,220
Management expense ratio (6)	3.21%	2.68%	2.66%	2.75%	2.80%	2.74%
Trading expense ratio (7)	1.02%	0.87%	0.80%	1.00%	0.61%	0.88%
Portfolio turnover rate (8)	272.22%	512.67%	372.88%	483.06%	366.22%	401.08%
Net asset value per unit	\$11.04	\$10.04	\$13.11	\$11.85	\$11.40	\$10.68
The Fund's Net Asset Value (NAV) per Class F Unit (1) (2)						
	2019	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$10.62	\$13.72	\$12.26	\$11.67	\$10.81	\$10.00
Increase (decrease) from operations:						
Total revenue	0.09	0.10	0.12	0.15	0.13	0.12
Total expenses	(0.12)	(0.22)	(0.21)	(0.20)	(0.21)	(0.18)
Realized gains/(losses) for the period	0.38	(1.19)	1.09	0.75	0.65	(0.63)
Unrealized gains/(losses) for the period	0.38	(1.56)	0.44	(0.09)	0.14	1.09
Total increase (decrease) from operations (3)	\$1.23	(\$2.87)	\$1.44	\$0.61	\$0.71	\$0.40
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions (3) (4)	-	-	-	-	-	-
Net asset value, end of period (3)	\$11.74	\$10.62	\$13.72	\$12.26	\$11.67	\$10.81
Ratios and Supplemental Data						
Total net asset value (5)	\$ 7,700,845	\$11,174,484	\$17,010,883	\$14,786,423	\$17,082,536	\$11,599,737
Number of units outstanding (5)	656,169	1,054,545	1,240,204	1,206,439	1,464,261	1,073,305
Management expense ratio (6)	2.13%	1.57%	1.55%	1.64%	1.69%	1.61%
Trading expense ratio (7)	1.02%	0.87%	0.80%	1.00%	0.61%	0.88%
Portfolio turnover rate (8)	272.22%	512.67%	372.88%	483.06%	366.22%	401.08%
Net asset value per unit	\$11.74	\$10.62	\$13.72	\$12.26	\$11.67	\$10.81

BAROMETER DISCIPLINED LEADERSHIP EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Financial Highlights – June 30, 2019

The Fund's Net Asset Value (NAV) per Class I Unit (1) (2)	2019	2018*
Net asset value, beginning of period	\$9.49	\$10.00
Increase (decrease) from operations:		
Total revenue	0.11	0.01
Total expenses	(0.05)	-
Realized gains/(losses) for the period	(0.07)	(0.39)
Unrealized gains/(losses) for the period	1.45	0.10
Total increase (decrease) from operations (3)	\$1.44	(\$0.48)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions (3) (4)	-	-
Net asset value, end of period (3)	\$10.57	\$9.49
Ratios and Supplemental Data		
Total net asset value (5)	\$ 375,006	\$2,195,536
Number of units outstanding (5)	35,480	231,994
Management expense ratio (6)	1.01%	0.82%
Trading expense ratio (7)	1.02%	0.87%
Portfolio turnover rate (8)	272.22%	512.67%
Net asset value per unit	\$10.57	\$9.49

*Class I of the Fund was created on December 10, 2018.

Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2019 and is not a reconciliation of beginning and ending net assets per unit.
- (2) The Fund commenced operations on January 1, 2014; 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) As at June 30, 2019, and December 31, 2018, 2017, 2016, 2015, and 2014, there were no distributions to be reinvested.
- (5) This information is provided as at June 30, 2019, 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 EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Past Performance – June 30, 2019

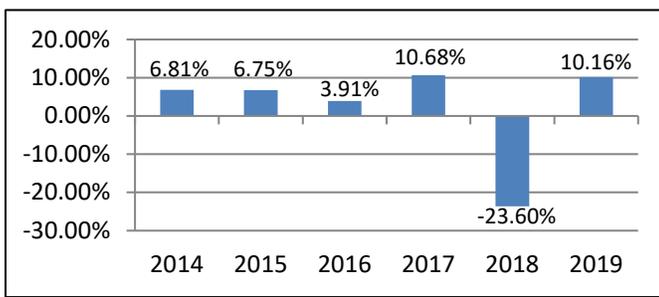
The following information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the investment fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.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

Year-by-Year Returns

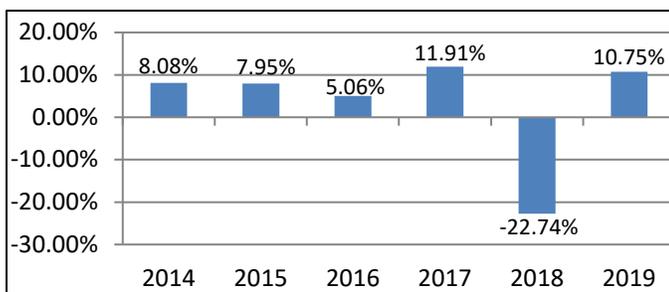
The following bar charts show the Fund's annual performance for each of the years shown, as applicable, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment in Class A, F, and I[†] units, respectively, made on the first 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, 2019, are as follows:

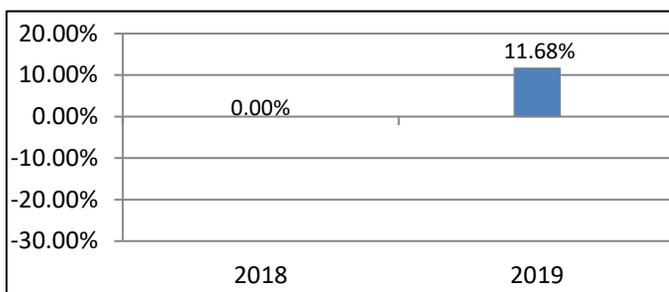
Class A



Class F



Class I[†]



[†] Class I of the Fund was created on December 10, 2018. As a result, there is not a full year of performance data available at this time.

Benchmark(s) Information

The benchmark for the Fund is determined by a compounded 25:70:5 blend of the S&P/TSX Composite Total Return Index, MSCI World Net Total Return Index denominated in Canadian dollars and the FTSE TMX Canada Universe Bond Index.

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.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 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.³

¹ "S&P/TSX Composite Total Return Index." S&P Dow Jones Indices by S&P Global. Web. June 30, 2019.

² "MSCI World Net Total Return Index (CAD)." MSCI Index Fact Sheet. Web. June 30, 2019.

³ "FTSE TMX Canada Universe and Maple Bond Index Series v2.2 Web. June 30, 2019.

BAROMETER DISCIPLINED LEADERSHIP EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio as at June 30, 2019

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, 2019.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Information Technology	23.34	Waste Connections Inc.	3.80
Industrials	22.35	Lightspeed POS Inc.	3.78
Financials	13.91	PayPal Holdings Inc.	3.74
Communication Services	13.50	CGI Inc.	3.53
Real Estate	5.43	Thomson Reuters Corp.	3.51
Materials	5.37	Federal National Mortgage Association PFD 8.25%	3.49
Consumer Discretionary	3.45	Hilton Worldwide Holdings Inc.	3.45
Utilities	3.16	Shopify Inc.	3.45
Health Care	3.01	Verisk Analytics Inc.	3.36
Consumer Staples	2.56	Altice USA Inc.	3.33
Fixed Income	2.47	Air Canada	3.29
Cash and cash equivalents	0.83	Automatic Data Processing Inc.	3.21
Foreign Currency Forward Contracts	0.62	CAE Inc.	3.18
Total Portfolio Allocation	100.00%	AltaGas Canada Inc.	3.16
		The New York Times Co.	3.11
		Zoetis Inc.	3.01
		Element Fleet Management Corp.	2.96
		Roper Technologies Inc.	2.91
		ServiceNow Inc.	2.91
		CI Financial Corp.	2.88
		Cogeco Communications Inc.	2.80
		Ecolab Inc.	2.79
		InterRent Real Estate Investment Trust	2.78
		Marvell Technology Group Ltd.	2.72
		Crown Castle International Corp.	2.65
		Total Percentage of Net Asset Value Represented by Holdings	79.80%
Total Net Asset Value (in millions)	\$14.8		

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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