

## ANNUAL FUND REPORT (for the 12-month period ended March 31, 2022)

XYZ Mutual Funds | XYZ Canadian Equity Fund | www.xyzfunds.com | Preparation Date: June 28, 2022

### Purpose and Content

This Annual Fund Report contains important information about your fund. **Use this report and speak with your representative to assess whether your fund continues to be right for you.** This document is intended for investors of all backgrounds and levels of investment experience. It includes the following information about your fund:

- |   |                               |
|---|-------------------------------|
| 1. Investment Objectives and Strategies | 6. Risk Profile               |
| 2. Portfolio Holdings                   | 7. Liquidity Profile          |
| 3. Costs                                | 8. Borrowing and Leverage     |
| 4. Performance                          | 9. Other Material Information |
| 5. Statistics                           | 10. Additional Resources.     |



**Important:** This Annual Fund Report may contain forward-looking statements that reflect current forecasts of future events. Due to many factors, such as general economic and political conditions in Canada and internationally, actual events may differ materially from those expressed in, or implied by, these forward-looking statements. Do not overly rely on forward-looking statements to make investment decisions.

### 1. Investment Objectives and Investment Strategies

Summary of fund's investment objectives and investment strategies	Fund's satisfaction of its investment objectives and use of investment strategies during the last 12 months	Factors that may impact the fund's satisfaction of its investment objectives and use of investment strategies going forward
<ul style="list-style-type: none"> <li>This fund aims to increase the value of your investment by investing in a broad range of equity securities of Canadian companies of any size and from any industry.</li> <li>Equities are selected that trade below their intrinsic value, demonstrate superior earnings growth and positive price momentum.</li> </ul>	<ul style="list-style-type: none"> <li>During the period, the net asset value of the fund increased from \$1.05 billion to \$1.2 billion due to positive performance, partially offset by net redemptions.</li> </ul>	<ul style="list-style-type: none"> <li>While long-term prospects for Canadian equities are positive, strong equity market performance in the period covered by this Fund Report, coupled with full valuation levels across most sectors, is likely to lead to more modest returns.</li> <li>Equity markets and the global economy may be challenged by high inflation levels, continued supply-chain issues, geopolitical uncertainty and rising interest rates.</li> <li>Risk related to U.S. Federal Reserve policy could slow growth by raising interest rates too quickly or could fail to contain inflation by raising them too slowly, leading to larger rate increases.</li> </ul>

## 2. Portfolio Holdings

Increased exposure	Decreased exposure
<ul style="list-style-type: none"> <li>Energy industry</li> </ul>	<ul style="list-style-type: none"> <li>Materials sector</li> </ul>

### More Information:

- See the designated website for the fund's Quarterly Portfolio Disclosure.
- More detailed portfolio holdings information is available in the financial statements for the fund, in particular the Statement of Investment Portfolio.

## 3. Costs *(information is provided as of March 31, 2022)*



### Summary:

The fund expense ratio for Series A (the series with the highest fund expense ratio) was 2.57%. The fund expense ratio of Series A increased by 0.01% as compared to the year prior.



### Did you know...

A fund's management expense ratio ("MER") is the total of the fund's management fee (which includes the trailing commission) and operating expenses.

A fund's trading expense ratio ("TER") represents the fund's trading costs.

Fund expenses reduce the return on your investment. A fund expense ratio ("FER") is the total of the fund's MER and TER.

Each investment fund can have different classes or series of securities and each class or series can have different costs and therefore different returns – make sure you know which class or series you hold.

For the year ended March 31, 2022	Management expense ratio (%) <sup>1</sup>	Trading expense ratio (%)	Fund expense ratio (%) The fund expense ratio represents the total of all ongoing expenses set out in this table and does not represent a separate expense charged to the investment fund.	Fund expenses (\$) per \$1000 invested
Series A	2.50	0.07	2.57	26
Series B	2.40	0.07	2.47	25
Series T5	1.81	0.07	1.88	19
Series D	1.05	0.07	1.12	11
Series F	0.77	0.07	0.84	8
Series FT5	0.77	0.07	0.84	8
Series I	0.25	0.07	0.32	3
Series O	0.02	0.07	0.09	1

<sup>1</sup> See Other Material Information for MER without waivers or absorptions.

## 4. Performance



### Summary:

Performance of the Series A units (+26.2%) was lower than the fund's benchmark, the S&P/TSX Composite Total Return Index (+27.5%) over the period covered by the report.



### Did you know...

A benchmark is typically a market or sector index against which the performance of an investment fund can be measured. By comparing a fund to an appropriate benchmark, you can see how the investments held by the fund performed compared to the market or sector in general.


**Important:**

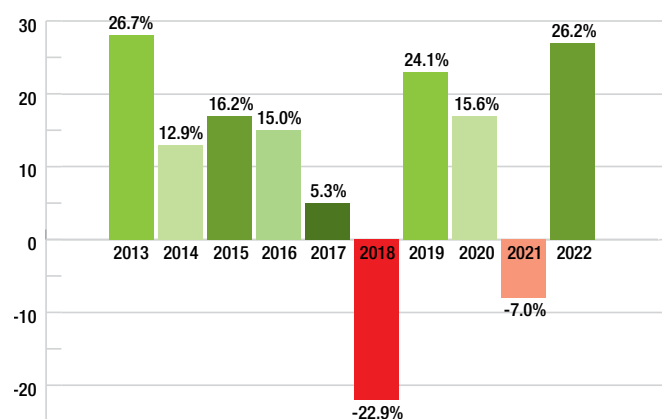
- **Performance of the series of securities that you hold may not be presented in this Fund Report. Information is only presented in respect of the series with the highest management fee (Series A).**
- Returns provided are after expenses have been deducted. These expenses reduce the fund's returns and they negatively compound over time since the money used to pay expenses is not able to grow.
- Past performance of the fund does not necessarily indicate how the fund will perform in the future. For example, strong past performance may not be repeated.
- The benchmark of the fund is the S&P/TSX Composite Total Return Index. The S&P/TSX Composite Total Return Index is a market capitalization-weighted index of securities of the largest and most liquid companies on the Toronto Stock Exchange.

Performance against benchmark	Contributors to performance	Detractors from performance
<ul style="list-style-type: none"> <li>• Last year performance of the benchmark was 1.3% higher than that of Series A of the fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Overweight allocation to the financials sector.</li> <li>• Exposure to certain stocks in the information technology sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Investments in certain stocks in the materials sector.</li> <li>• Underweight allocation to the communication services sector.</li> </ul>

**a) Year-by-Year Returns**

**How to Read this Information:**

The following bar chart shows the fund's annual performance for each of the financial years shown.

**Series A (%)**

**b) Annual Compound Returns**

**How to Read this Information:**

- This table shows the fund's annual compound total returns for the periods indicated, compared with its benchmark.
- All benchmark returns are calculated in Canadian dollars on a total return basis, meaning that all dividend payments, interest income accruals and interest payments are reinvested.
- Benchmarks are not investable, and benchmark returns do not reflect transaction costs associated with making actual investments.

Percentage Return	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception (1)
Series A	26.2	8.3	13.9	11.3	
S&P/TSX Composite Total Return Index	27.5	9.4	15.9	13.3	

(1) The return since inception for each series will differ when the inception date differs and is only provided when a series has been active for a period of less than 10 years.

**More Information:**

- If performance information for your series of securities is not included here, refer to the performance information in the Fund Facts for that series and on the designated website of the investment fund.
- Find more information about the expenses associated with your fund in its Fund Facts.

## 5. Statistics *(information is provided as of March 31, 2022)*



### **Did you know...**

A fund's portfolio turnover rate represents how frequently the portfolio manager buys and sells securities.

A fund's distributions can consist of dividends, interest, capital gains, return of capital or other income the fund earns on its investments.

A fund's distribution rate represents its distributions as a percentage of its net asset value per unit.

**Portfolio turnover rate (%) for the year ended March 31, 2022**

**39.97**

For the year ended Mar. 31, 2022	Total distributions (\$)	Portion of distributions that is return of capital (\$)	Distribution rate (%)
Series A	0.88	0.00	6.50
Series B	0.88	0.00	6.50
Series T5	0.87	0.00	6.60
Series D	1.03	0.00	7.50
Series F	1.17	0.00	7.80
Series FT5	1.13	0.00	7.80
Series I	1.26	0.00	8.40
Series O	1.07	0.00	8.70

## 6. Risk Profile

- During the period covered, there were no changes to the fund that materially affected the overall risk level associated with an investment in the fund.



### **Did you know...**

A mutual fund's risk rating is based on how much the fund's returns have changed from year to year. If the fund's returns vary a lot, the fund may be considered higher risk because its performance can change quickly up or down. The rating can change over time. Monitoring the rating can help you make decisions about whether this fund continues to be appropriate for you.

<b>Risk rating change</b> (since the last Fund Report dated September 30, 2021)	<b>Added or removed risks</b> (since the last Fund Report dated September 30, 2021)
<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>No new risks identified and no existing risks removed</li> </ul>

### **More Information:**

- Find your fund's current risk rating in its most recent Fund Facts document.
- Find a discussion of the risks applicable to your fund in the most recent simplified prospectus.

## 7. Liquidity Profile *(information is provided as of March 31, 2022)*



**Summary:**

The fund could sell (for cash) 83.5% of its holdings within one day, and 99.1% within one week. The fund did not face any liquidity challenges during the reporting period.

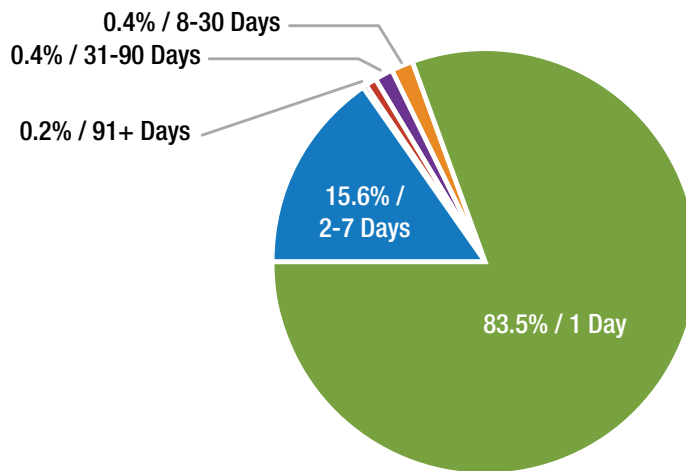
- There were no material liquidity issues during the reporting period.



**How to Read this Information:**

- The following pie chart illustrates the number of days needed to convert the fund's portfolio holdings into cash under normal market conditions. The more of a fund's portfolio holdings that can be converted into cash within a short timeframe, the more liquid it is and the easier it will be to sell your holdings at a fair price. This can be particularly important during periods of greater than usual market volatility. Decide whether you are comfortable with the liquidity of your fund's portfolio holdings.

### Liquidity of the Investment Portfolio of Your Investment Fund as at March 31, 2022



## 8. Borrowing and Leverage

This fund does not engage in any borrowing or use leverage.

## 9. Other Material Information

The investment fund manager waived or absorbed some of the fund's expenses. Had the investment fund manager not done so, the MER would have been higher. MER without waivers or absorptions for Series D was 1.07% for the year ended March 31, 2022.

## 10. Additional Resources

Contact XYZ Mutual Funds for a copy of this Fund Report, questions about this Fund Report, or a copy of the financial statements for this fund:

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Toll-free: 1-800-555-5556  
E-mail: [investing@xyzfunds.com](mailto:investing@xyzfunds.com)  
[www.xyzfunds.com](http://www.xyzfunds.com)

Designated Website:



To learn more about investing in mutual funds, see the brochure "Understanding mutual funds", which is available on the website of the Canadian Securities Administrators at <https://www.securities-administrators.ca/>.

CSA Website:



Your next Fund Report will be prepared for the interim period ended **September 30, 2022**. Like this Fund Report, it will assist you in making decisions about your investment in this fund.