A concentrated portfolio of attractively priced large-cap Canadian companies held for their high-quality characteristics.

What's the strategy?

The Canadian Concentrated Value Equity (Laketon) portfolio invests primarily in large-cap Canadian companies priced below their intrinsic value given their long-term opportunities for growth. This strategy seeks out under-valued companies that are well-managed with strong balance sheets and have the potential to achieve long-term capital appreciation.

What's the approach?

The portfolio manager applies a deep fundamental analysis approach to stock selection. The portfolio is constructed to capture opportunities that are mispriced or not yet priced into the market, while managing both company-specific and portfolio risks. It's a deep fundamental analysis approach to stock selection that results in concentrated portfolios of large cap stocks we believe are poised to outperform.

Why invest in this portfolio strategy?

Ideal for investors seeking exposure to high quality Canadian equities that may have been overlooked by the market and offer long-term opportunities for growth. It's a concentrated portfolio of high quality companies added to the portfolio at attractive values and strong potential for capital appreciation

Typical portfolio characteristics

Here is what you can expect to see from the Canadian Concentrated Value Equity (Laketon) portfolio strategy when compared to its benchmark, the S&P/TSX Composite Index:

- Lower valuation, higher quality and solid earnings prospects
- Exposure to at least 7 of the 11 industry sectors
- Concentrated portfolio, of typically 25-45 holdings
- Pure Canadian equity exposure, avoiding foreign currency risk

Strategy snapshot

Asset class
Equity

Inception date
1961

Assets in mandate
$2,124.8 million

Benchmark
S&P/TSX Composite Index

Investment team
Laketon Investment Management

Portfolio manager(s)
Ryan Marcy
Vice-President, Equities

About GLC

GLC Asset Management Group Ltd. (GLC) is a leading investment management firm that manages more than $55 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Global Multi-Asset Strategy team (including Portfolio Solutions Group)

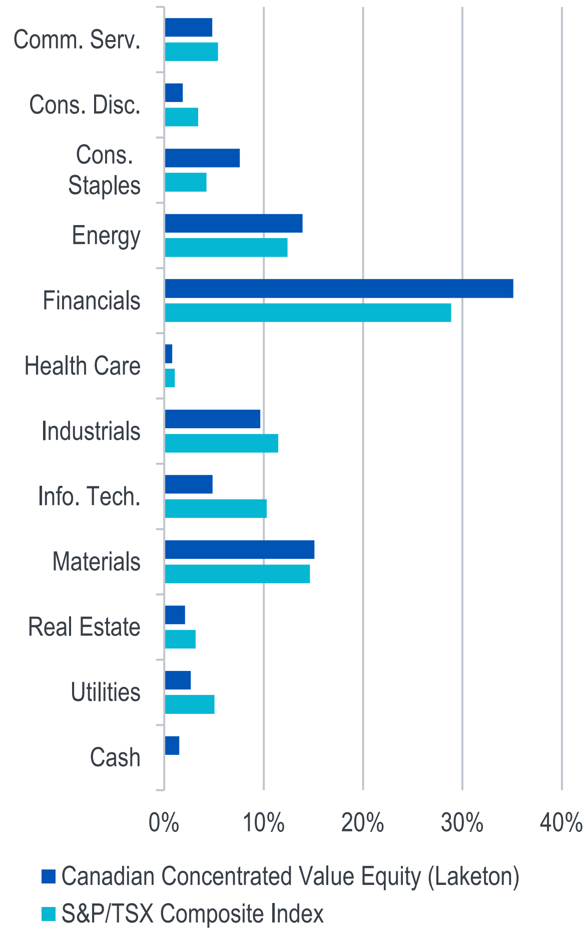
Each division has a distinct investment approach that offers deep expertise within specialized areas of portfolio management, bringing unique perspectives to navigating capital markets through varying cycles.

As at June 30, 2020

Portfolio attributes

Key attributes	Portfolio[1]	Index[2]
Market Cap.	50.3	52.7
P/E Curr. Yr. Median	19.3	24.7
P/B Curr. Yr.	1.9	2.2
Earnings Growth	-6.3	10.3
Debt to Equity	1.5	1.6
P/Cash Flow Trail. 12	8.2	9.4
ROE Trail. 12	10.1	9.2
Enterprise Value/EBITDA	12.5	13.7
Div. Yield	3.7	3.4
# of Equity Holdings	39	222

Sector Allocation %



Major equity holdings %

Security	Sector	Portfolio Weight[1]
Toronto-Dominion Bank	Financials	6.5
Brookfield Asset Mgmt A Ltd Voting	Financials	5.6
Bank of Nova Scotia	Financials	5.1
Enbridge Inc	Energy	4.4
Royal Bank of Canada	Financials	4.4
Barrick Gold Corporation	Materials	4.3
Alimentation Couche-Tard Cl B Sv	Consumer Staples	3.7
Manulife Financial Corp	Financials	3.7
Tc Energy Corp	Energy	3.6
Newmont Corp.	Materials	3.6
Total		**44.9**

Source: GLC, Bloomberg, S&P | 1. Fund:LL Canadian Equity Value Fund (Laketon) | 2. Index: S&P/TSX Composite Index

Portfolio manager's quarterly commentary

As at June 30, 2020

Market review

Global equity markets bounced back sharply, posting one of the strongest and quickest recoveries in history. Stocks closed in on their previous all-time highs set prior to the coronavirus crisis due to unprecedentedly large monetary and fiscal support from world governments and central banks, improving economic data in May and June and reopening global economies. The S&P/TSX Composite Index surged 17.0% (total return) during the quarter – the second largest quarterly gain in over a decade. All but one of the 11 sectors finished in positive territory. The information technology sector was the best performer, spearheaded by Shopify's 136% gain. The materials sector benefitted from a strong rally in precious metals, particularly by gold stocks that soared over 50% in the period. The consumer discretionary and energy sectors were also noteworthy contributors: energy companies benefitted from a sharp rebound in oil prices (Western Canadian

Select jumped 474% during the quarter). Communication services was the lone sector to produce a negative return.

Portfolio performance

During a strong recovery period for global equity markets in the second quarter of 2020, the fund outperformed its MSCI Canadian value benchmark on a gross return basis, although both the fund and the value-focused benchmark fell significantly short of the exceptionally strong rally experienced by the broader S&P/TSX Composite Index. Fund performance (compared to the broad S&P/TSX Composite) was hurt by its large underweight position in the Information Technology (IT) sector. Shopify's share price more than doubled in the period (becoming the largest weight in the S&P/TSX Composite Index) and while it has many attractive attributes and will undoubtedly benefit from an accelerated shift to online retail sales, the fund has stayed away given the stock's extremely rich valuation. Although the fund benefitted from its overweight position in the Materials sector, performance was negatively impacted by its position in fertilizer company Nutrien, which lagged alongside weaker crop and fertilizer prices. Relative positioning within the Energy sector also hurt performance, as lower-quality energy companies rebounded sharply with rapidly rising oil prices, outperforming the higher-quality energy investments held by the fund. An overweight position in the underperforming Financials sector also hurt portfolio performance. Stock selection within the Utilities sector contributed positively to performance, largely due to the fund's overweight position in recently-added Northland Power.

Portfolio activity

The fund's overall exposure remains focused on value-oriented equities within the Canadian investible universe. We added to our position in Barrick Gold, while trimming exposure to Wheaton Precious Metals and Newmont after strong moves higher in both names. The fund was slightly overweight the gold subsector at quarter-end. The fund added one new name in the quarter, initiating a position in waste management company, GFL Environmental, within the Industrials sector. Following its IPO earlier this year on the Toronto Stock Exchange, we believe the shares offer good value in what is typically a resilient sector with strong barriers to entry. Elsewhere, we added to our underweight position in Utilities sector with investment in Emera. While our absolute weight in the Information Technology sector increased by adding to our CGI Group position during the quarter, our relative underweight positioning in the sector increased significantly due the outsized returns offered by benchmark name, Shopify.

Positioning & outlook

The shape of the economic recovery remains highly uncertain amid the ongoing COVID-19 pandemic and its resulting curtailment of activity. While economic data shows signs of stabilizing as economies gradually open, the economic shutdown will likely cause enduring effects, with elevated unemployment and rising bankruptcies providing headwinds to recovery. Social unrest, ongoing trade disputes and the upcoming U.S. presidential election also add to an uncertain outlook going forward. Governments and central banks around the world have stepped up and provided unprecedented levels of support that we believe could be a key driver in the sharp recovery in both economic conditions and equity markets since their late-March lows. While equity performance will likely be choppy in the coming months, we maintain our discipline as long-term value-oriented investors, looking for companies that have the opportunity to come out of this crisis in a strong position or in situations where a company's stock price has been overly punished relative to their longer-term prospects. The portfolio is fully invested at quarter end, with exposure to all 11 GICS sectors. Our biggest overweight continues to be in the Financials sector, followed by the Consumer Staples sector. While the Financials sector will face challenges over the coming months, we believe bank stocks offer good value given strong capital positions and diverse sources of earnings. Our overweight exposure to the Energy sector remains biased toward larger, more resilient pipeline and integrated companies with strong balance sheets. The fund continues to offer good exposure to precious metals within the Materials sector, a group that should continue to benefit from low interest rates and central bank policies. The Information Technology sector is now our largest sector underweight, driven by the strong performance of benchmark name Shopify. Utilities, Industrials and Consumer Discretionary are other notable sectors where we remain underweight.