

DAVIS-REA FIXED INCOME FUND

June 30, 2025

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This Semi-Annual Management Report of Fund Performance contains financial highlights but does not contain the unaudited semi-annual financial statements or audited annual financial statements of the Davis-Rea Fixed Income Fund. You can get a copy of the unaudited semi-annual financial statements of the Davis-Rea Fixed Income Fund at your request and, at no cost, by calling Davis-Rea Ltd. at (416) 324-2200 or at (877) 391-9929, by writing to us at 23 Bedford Road, Suite 100, Toronto, Ontario, M5R 2J9, or by visiting our website at www.davisrea.com or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the Davis-Rea Fixed Income Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The investment objective of the Davis-Rea Fixed Income Fund (the “Fund”) is to preserve capital while providing income and some capital gains by primarily investing in bonds and other fixed income securities with a strong credit rating.

The fixed income investments held by the Fund may include government securities, corporate securities and bonds issued by foreign governments and issuers. Usually, we will not invest the Fund in such investments unless they have a credit rating of B or higher. The duration of any fixed income investment held by the Fund will also vary depending on our assessment of the direction of interest rates. At our discretion, the Fund may also hold cash and/or short-term money market instruments, preferred shares and convertible debentures.

Results of Operations

The Fund’s net asset value fell to \$30.1 million as of June 30, 2025, from \$30.2 million at the end of 2024. The decrease in net assets was attributable to an increase from operations of approximately \$571.6 thousand and net outflows of approximately \$691.8 thousand.

The Class O units of the fund returned 1.90% for the reporting period. The iShares Core Canadian Universe Bond Index ETF returned 1.49% over the same period. The performance of the other classes of the fund is substantially similar, save for differences in fees and expenses. See the “Financial Highlights” section for the management expense ratios and the “Past Performance” section for additional information on returns.

The year began with bond markets rallying as expectations for monetary easing pushed yields lower. The Fund’s cautious positioning, emphasizing high-quality corporate and government bonds, helped navigate early volatility and protect capital. First-quarter returns were driven primarily by interest rate exposure, partially offset by widening credit spreads.

During the first quarter, uncertainty surrounding U.S. trade policy and persistent inflation pressures weighed on economic sentiment, prompting investors to shift toward safer assets. The Fund made selective additions in defensive sectors and reduced exposure to more cyclical industries and issuers.

By the second quarter, anticipated rate cuts were delayed as central banks balanced slowing growth with resilient labour markets and inflation that remained above target. This contributed to a steeper yield curve and reinforced the Fund’s focus on shorter-term maturities to limit interest rate risk while maintaining flexibility.

Credit markets strengthened in the second quarter, with corporate bond spreads tightening to near historic lows. The Fund maintained its emphasis on quality and stability, keeping credit quality high and duration steady. Looking ahead, the Fund remains defensively positioned, balancing income generation with the flexibility to respond quickly as market conditions evolve.

Recent Developments

Looking ahead, the Fund remains well positioned to navigate the evolving fixed-income landscape. With expectations for continued economic weakening in Canada and the U.S., strategic reinvestment will focus on capital preservation and income generation while maintaining a defensive tilt in credit selection. The ongoing monitoring of macroeconomic developments and policy shifts will be critical in adjusting portfolio positioning to optimize risk-adjusted returns.

Related Party Transactions

Davis-Rea Ltd. (the “Manager”) is the manager and portfolio adviser for the Fund. The Manager is responsible for managing the day-to-day activities of the Fund and providing or arranging for all required administrative services of the Fund. In consideration for such services, certain classes of units of the Fund pay the Manager a monthly management fee based on the net asset value (“NAV”) of the applicable classes of units of the Fund, calculated daily. As no Class A or Class B units of the Fund have yet been issued, the Fund has not yet incurred any management fees. Each holder of Class O units of the Fund pays their management fee directly to us pursuant to their Class O investment management agreement. The Class N units of the Fund do not pay a management fee and may only be bought by another Davis-Rea Mutual Fund.

The Manager has also created an independent review committee (“IRC”) to review and provide impartial judgment on conflict of interest matters. The IRC reviews potential conflicts of interest referred to it by the Manager and makes recommendations on whether a course of action is fair and reasonable for the Fund. The IRC prepares an annual report of its activities for interested parties. A copy of the IRC’s report for 2025 is available at www.davisrea.com or at SEDAR+ at www.sedarplus.ca.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2025), and for the past five years ended December 31.

The Fund's Net Assets per Unit (\$)

For the Period Ended	Net Assets Beginning of Period ¹	Increase (Decrease) from Operations					Annual Distributions				Net Assets End of Period
		Total Revenue	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total ²	From Net Realized Gain on Investments	From Net Investment Income	From Return of Capital	Total	
Class F Units											
June 30, 2025	6,773	164	59	59	(29)	135	—	244	—	244	23,566
Dec. 31, 2024	74,960	510	171	14	(408)	(55)	—	60	—	60	6,773
Dec. 31, 2023	—	501	307	177	3,079	3,450	—	407	—	407	74,960
Class O Units											
June 30, 2025	30,227,538	586,957	98,191	186,769	(104,055)	571,480	—	526,306	—	526,306	30,081,099
Dec. 31, 2024	23,430,040	1,120,483	204,783	107,815	969,644	1,993,159	—	(907,374)	—	(907,374)	30,227,538
Dec. 31, 2023	18,199,618	827,066	135,205	(108,755)	816,998	1,400,104	—	703,542	—	703,542	23,430,040
Dec. 31, 2022	26,162,014	744,350	179,311	(153,943)	(1,269,362)	(858,266)	—	547,300	—	547,300	18,199,618
Dec. 31, 2021	31,257,236	886,914	148,320	(132,367)	(732,716)	(126,489)	—	746,948	—	746,948	26,162,014
Dec. 31, 2020	35,152,686	1,037,376	116,867	(2,313,644)	3,254,795	1,861,660	—	934,154	—	934,154	31,257,236

¹ This information is derived from the Fund's unaudited semi-annual financial statements and audited annual financial statements. In the period the Fund or a class of units of the Fund is established, the financial information is provided from the date of inception to the end of the period.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.

Class A and Class B units of the Fund are offered by prospectus, but as at June 30, 2025 no units of either of these classes had yet been issued to the public.

Class F units of the Fund were previously offered by prospectus, but were not issued until October 25, 2023. Returns shown for 2024 are for the period from January 1, 2024 to February 27, 2024 and from April 30, 2024 to December 31, 2024.

Class O units of the Fund were first offered by prospectus on March 18, 2013 and were offered on an exempt basis from June 19, 2011.

Ratios and Supplemental Data

As at	Total Net Asset Value (\$) ¹	Number of Units Outstanding ¹	MER (%) ²	MER Before Waivers or Absorption (%)	Trading Expense Ratio (%) ³	Portfolio Turnover Rate (%) ⁴	Net Asset Value Per Unit (\$)
Class F Units							
June 30, 2025	23,566	2,260	1.42	1.42	—	32.13	10.43
Dec. 31, 2024	6,773	649	1.09	1.09	—	32.00	10.43
Dec. 31, 2023	74,960	7,172	0.43	0.43	0.01	92.40	10.45
Class O Units							
June 30, 2025	30,081,099	3,107,684	0.66	0.66	—	32.13	9.68
Dec. 31, 2024	30,227,538	3,126,776	0.73	0.73	—	32.00	9.67
Dec. 31, 2023	23,430,040	2,517,422	0.65	0.65	0.01	92.40	9.31
Dec. 31, 2022	18,199,618	2,016,748	0.84	0.84	—	50.51	9.02
Dec. 31, 2021	26,162,014	2,728,621	0.53	0.53	—	38.88	9.59
Dec. 31, 2020	31,257,236	3,161,336	0.35	0.35	—	36.52	9.89

¹ This information is provided at the end of the period shown.

² The management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

³ The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of net asset value during the period.

⁴ The Fund's portfolio turnover rate indicates how actively the Fund's investments are traded. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all its investments once in the course of the relevant period. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

The management fees for Class A units were changed to 1.25% from 1.75%, effective January 2, 2024.

The management fees and trailer fees for Class B units were changed to 1.70% from 2.00% and to 1.00% from 0.50%, respectively, effective January 2, 2024.

The management fees for Class F units were changed to 0.70% from 1.50%, effective January 2, 2024.

FINANCIAL HIGHLIGHTS (cont.)

Management Fees

The table below outlines the Fund’s annual management fees and the trailer fees, if any, that the Manager pays to dealers who distribute units of the applicable class of the Fund (i.e., a percentage of the daily NAV of such class). The Manager is paid an annual management fee by each unitholder who invests in Class O units of the Fund pursuant to a Class O investment management agreement, which will not exceed the management fee that we receive from Class A units of the Fund. The Class N units of the Fund do not pay a management fee and may only be bought by another Davis-Rea Mutual Fund.

	Management Fee	Trailer Fee*
Class A	1.25%	N/A
Class B	1.70%	1.00%
Class F	0.70%	N/A
Class O	Negotiated	N/A
Class N	N/A	N/A

* Maximum rate as a percentage of management fees.

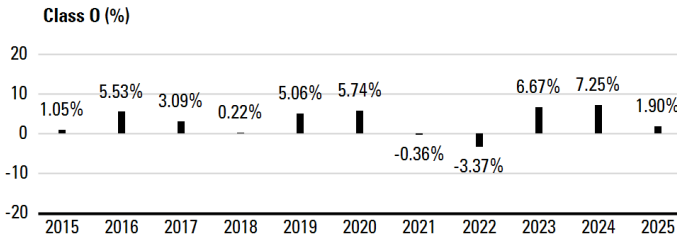
PAST PERFORMANCE

The following information takes into account all Class F management fees. It does not take into account any Class O management fees, which are paid to the Manager pursuant to a Class O investment management agreement.

The past performance indicated below assumes that all distributions made by the Fund in the periods shown were re-invested in additional units of the applicable class of the Fund. In addition, the past performance results shown below do not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Finally, past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns (%)

The bar chart below shows the Fund’s performance for each class of units in each of the years shown. It illustrates how the Fund’s performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made at the beginning of the period has increased or decreased by the end of the period. As Class F units of the Fund were not outstanding for all of 2023 and 2024, no performance data is available for those years. The return shown for 2025 is for the six months ended June 30, 2025.



Class A and Class B units of the Fund are offered by prospectus, but as at June 30, 2025 no units of either of these classes had yet been issued to the public.

Class O units of the Fund were first offered by prospectus on March 18, 2013 and were offered on an exempt basis from June 19, 2011.

SUMMARY OF INVESTMENT PORTFOLIO*As at June 30, 2025*

	% of Net Asset Value
CANADIAN BONDS	
Corporate Bonds	
407 International Inc., 4.45%, 2031/08/14	1.71
Alimentation Couche-Tard Inc., 4.60%, 2029/01/25	1.71
Bank of Montreal, 4.71%, 2027/12/07	1.72
Brookfield Infrastructure Finance ULC, 3.41%, 2029/10/09	2.47
Brookfield Renewable Partners ULC, 3.63%, 2027/01/15	1.67
CGI Inc., 3.99%, 2027/09/07	1.69
CGI Inc., Callable, 2.10%, 2028/09/18	1.60
Chartwell Retirement Residences, Series 'E', 3.65%, 2028/05/06	1.66
Choice Properties REIT, 4.29%, 2030/01/16	1.69
Choice Properties REIT, 5.03%, 2031/02/28	2.61
Choice Properties REIT, 5.70%, 2034/02/28	1.79
Dollarama Inc., 1.87%, 2026/07/08	1.64
Dollarama Inc., 3.85%, 2030/12/16	1.67
Dollarama Inc., 5.17%, 2030/04/26	1.77
Dream Industrial REIT, Series 'C', 2.06%, 2027/06/17	1.62
Gildan Activewear Inc., 4.15%, 2030/11/22	1.67
Gildan Activewear Inc., 4.71%, 2031/11/22	1.70
H&R REIT, Series 'T', 5.46%, 2029/02/28	1.74
Hydro One Inc., 4.16%, 2033/01/27	1.70
Keyera Corp., 3.93%, 2028/06/21	1.68
Keyera Corp., Variable Rate, 5.95%, 2081/03/10	0.84
Loblaw Cos. Ltd., 2.28%, 2030/05/07	2.53
Loblaw Cos. Ltd., 3.56%, 2029/12/12	1.67
Loblaw Cos. Ltd., 4.49%, 2028/12/11	1.72
Metro Inc., 4.00%, 2029/11/27	1.69
Morguard Corp., 9.50%, 2026/09/26	1.75
Parkland Corp., 4.38%, 2029/03/26	1.63
Pembina Pipeline Corp., 3.71%, 2026/08/11	1.67
Pembina Pipeline Corp., 4.80%, 2081/01/25	0.81
Pembina Pipeline Corp., 5.02%, 2032/01/12	1.74
Pembina Pipeline Corp., 5.21%, 2034/01/12	0.87
Royal Bank of Canada, 4.28%, 2035/02/04	1.68
Royal Bank of Canada, 4.50%, 2080/11/24	1.66
Royal Bank of Canada, 4.63%, 2028/05/01	1.72
Saputo Inc., 5.49%, 2030/11/20	1.79
Sienna Senior Living Inc., 4.44%, 2029/10/17	1.68
SmartCentres REIT, 5.16%, 2030/08/01	1.73
StorageVault Canada Inc., 5.50%, 2026/09/30	1.66
Tamarack Valley Energy Ltd., 7.25%, 2027/05/10	1.69
TMX Group Ltd., 4.68%, 2029/08/16	1.74
TMX Group Ltd., 4.84%, 2032/02/18	1.75
Toromont Industries Ltd., 3.76%, 2030/03/28	1.67
Toromont Industries Ltd., 3.84%, 2027/10/27	1.68
Toronto-Dominion Bank (The), 1.13%, 2025/12/09	1.32
Tourmaline Oil Corp., Series '1', 2.08%, 2028/01/25	1.29
TransCanada PipeLines Ltd., 3.39%, 2028/03/15	1.66
WSP Global Inc., 4.12%, 2029/09/12	1.69
	<u>78.84</u>

% of Net Asset Value

Provincial and Municipal Bonds

Province of British Columbia, 1.55%, 2031/06/18	1.74
Province of Ontario, 1.35%, 2030/12/02	2.04
Province of Ontario, 3.65%, 2033/06/02	1.67
	<u>5.45</u>
TOTAL CANADIAN BONDS	<u>84.29</u>

FOREIGN BONDS

Apple Inc., 1.25%, 2030/08/20	1.96
Costco Wholesale Corp., 1.60%, 2030/04/20	2.02
Honeywell International Inc., 4.25%, 2029/01/15	2.27
McDonald's Corp., 4.86%, 2031/05/21	1.75
Thermo Fisher Scientific Inc., 5.00%, 2029/01/31	2.32
United States Treasury Bond, 3.88%, 2034/08/15	2.20
Waste Management Inc., 4.65%, 2030/03/15	2.29

TOTAL FOREIGN BONDS	<u>14.81</u>
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TOTAL BONDS	<u>99.10</u>
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TOTAL COST AND FAIR VALUE OF INVESTMENTS

TOTAL INVESTMENTS	<u>99.10</u>
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OTHER ASSETS AND LIABILITIES	<u>0.90</u>
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NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	<u>100.00</u>
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Percentage shown relates to investments at fair value and Net Assets Attributable to Holders of Redeemable Units (Net Assets) as at June 30, 2025.

The Fund's summary of investment portfolio set out above will change due to ongoing portfolio transactions. A quarterly update is available on request.