

DAVIS-REA EQUITY FUND

December 31, 2025

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This Annual Management Report of Fund Performance contains financial highlights but does not contain the audited annual financial statements of the Davis-Rea Equity Fund. You can get a copy of the audited annual financial statements of the Davis-Rea Equity 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 Equity 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 Equity Fund (the “Fund”) is to preserve and enhance capital by primarily investing in Canadian, U.S. and international equity securities for long-term gain.

Securities for the Fund will be selected by us based on our assessment of the markets and potential investment opportunities. We intend to focus the Fund on various sectors of the economy from time to time and will typically only invest in the equity securities of large to medium capitalized companies with a market capitalization of not less than \$250 million. Any exceptions to this market capitalization will be limited to less than 10% of the value of the Fund. We may also use derivatives from time to time to hedge against changes in currency, losses from movements in the stock markets or to realize additional gains. At our discretion, the Fund may also hold cash and/or short-term money market instruments, fixed income securities and convertible debentures, and may from time to time invest up to 10% of its assets in Class N units of the Davis-Rea Fixed Income Fund.

Risk

The Fund is subject to a number of risks that have not changed over the last year. These risks include the Fund not being able to obtain its investment objective, general economic conditions, interest rate fluctuations and stock market risk. See the prospectus of the Fund for a full description of the risks that the Fund may be exposed to. The Fund also continues to have a risk rating of medium.

Results of Operations

The Fund’s net asset value rose to approximately \$288 million as of December 31, 2025, from \$260.4 million as of December 31, 2024. The increase in net assets was attributable to an increase from operations of approximately \$25.7 million and net inflows of \$1.9 million.

The Class O units returned +9.55% for the year. Over the same period, the S&P/TSX Composite Index returned +28.24% and the S&P 500 Index returned +16.39%. Returns for other classes were similar, adjusted for differences in fees and expenses. See the Financial Highlights and Past Performance sections for additional information.

Equity markets experienced periods of volatility during the year, driven by uncertainty surrounding fiscal and trade policy developments in the United States. Markets strengthened as the year progressed, supported by resilient corporate earnings and continued investor interest in large-cap growth companies. The Canadian dollar appreciated approximately 4.6% relative to the U.S. dollar during the year, which reduced returns on the Fund’s predominantly U.S. dollar-denominated holdings.

The Fund maintained a consistent allocation to equities throughout the year, with cash and cash equivalents generally ranging between approximately 6% and 15% of net asset value at quarter-end periods. Financial services holdings, including JPMorgan, Bank of America and PNC Financial, contributed positively to performance. Additional positive contributions were generated from information technology holdings such as Microsoft and Cloudflare; communication services holdings including Alphabet (Google) and Meta Platforms; consumer discretionary exposure to LVMH Moët Hennessy; and industrial holdings such as Rockwell Automation. Detractors from performance included Roper Technologies, Accenture and Charter Communications.

During the year, the Fund selectively increased exposure to certain existing holdings, including Meta Platforms and other established businesses, and initiated or re-initiated positions where valuations were considered attractive. Positions such as Alimentation Couche-Tard and UnitedHealth Group were reduced or exited primarily due to valuation reassessment and portfolio management considerations. The acquisition of Dream Residential REIT by Morgan Properties in November of 2025 resulted in the realization of gains on that holding.

During periods when more speculative segments of the market, particularly those tied to artificial intelligence-related themes, outperformed established businesses with steady earnings profiles, the Fund’s emphasis on valuation discipline and concentration in high-quality companies influenced relative performance.

Overall, the Fund’s results reflected the performance of its underlying holdings, currency movements, and disciplined portfolio management in a year characterized by both volatility and strong equity market returns.

Recent Developments

During the reporting period, the Fund did not undergo material changes, including but not limited to its investment objectives, strategic positioning, risk rating, fee structure, or portfolio management team.

Subsequent to December 31, 2025, the Fund has made routine portfolio adjustments in response to market conditions. Cash levels and sector exposures have been adjusted within normal operating ranges consistent with the Fund’s investment strategy.

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. 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 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		
Class A Units											
Dec. 31, 2025	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2024	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2023	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2022	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2021	—	—	—	—	—	—	—	—	—	—	—
Class B Units											
Dec. 31, 2025	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2024	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2023	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2022	—	—	—	—	—	—	—	—	—	—	—
Dec. 31, 2021	30,577	290	804	(515)	9,061	8,032	—	—	—	—	—
Class F Units											
Dec. 31, 2025	141,634	7,816	9,029	25,286	83,962	108,035	94,731	374	—	95,105	1,123,653
Dec. 31, 2024	372,805	1,783	2,073	49,613	9,132	58,454	32,381	221	—	32,602	141,634
Dec. 31, 2023	—	1,693	2,593	17,865	30,746	47,711	27,794	758	—	28,552	372,805
Class O Units											
Dec. 31, 2025	260,220,107	3,161,185	1,245,416	15,563,324	8,111,362	25,590,455	24,448,469	3,137,981	—	27,586,450	286,904,522
Dec. 31, 2024	185,907,248	2,864,708	1,029,770	66,801,620	(3,877,359)	64,759,199	59,650,449	2,456,522	—	62,106,971	260,220,107
Dec. 31, 2023	104,393,141	1,924,205	764,218	20,536,897	16,507,160	38,204,044	10,616,158	1,237,609	—	11,853,767	185,907,248
Dec. 31, 2022	111,350,593	1,292,524	539,702	9,271,831	(28,658,855)	(18,634,202)	—	958,223	—	958,223	104,393,141
Dec. 31, 2021	84,280,453	1,087,168	331,040	(1,257,153)	24,619,581	24,118,556	—	732,335	—	732,335	111,350,593

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 units were started on April 30, 2015. No Class A units of the Fund were issued and outstanding to the public from 2018 to December 31, 2025.

Class B units of the Fund were first offered by prospectus on March 18, 2013 and were first issued on September 17, 2014. No Class B units of the Fund were issued and outstanding to the public between December 31, 2021 and December 31, 2025.

Class F units of the Fund were previously offered by prospectus, but were not issued until September 26, 2023.

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.

FINANCIAL HIGHLIGHTS (cont.)

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 A Units							
Dec. 31, 2025	—	—	—	—	—	—	—
Dec. 31, 2024	—	—	—	—	—	—	—
Dec. 31, 2023	—	—	—	—	—	—	—
Dec. 31, 2022	—	—	—	—	—	—	—
Dec. 31, 2021	—	—	—	—	—	—	—
Class B Units							
Dec. 31, 2025	—	—	—	—	—	—	—
Dec. 31, 2024	—	—	—	—	—	—	—
Dec. 31, 2023	—	—	—	—	—	—	—
Dec. 31, 2022	—	—	—	—	—	—	—
Dec. 31, 2021	—	—	—	—	—	—	—
Class F Units							
Dec. 31, 2025	1,123,653	119,115	1.04	1.04	0.21	234.27	9.43
Dec. 31, 2024	141,634	13,884	1.06	1.06	0.19	263.45	10.20
Dec. 31, 2023	372,805	36,326	0.49	0.49	0.17	2.58	10.26
Class O Units							
Dec. 31, 2025	286,904,522	17,326,186	0.14	0.14	0.21	234.27	16.56
Dec. 31, 2024	260,220,107	15,491,186	0.15	0.15	0.19	263.45	16.80
Dec. 31, 2023	185,907,248	11,336,693	0.19	0.19	0.17	2.58	16.40
Dec. 31, 2022	104,393,141	7,739,562	0.25	0.25	0.01	2.40	13.49
Dec. 31, 2021	111,350,593	6,897,646	0.21	0.21	0.01	2.40	16.14

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 1.80% 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 0.80% from 1.50%, effective January 2, 2024.

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	1.80%	1.00%
Class F	0.80%	N/A
Class O	Negotiated	N/A
Class N	N/A	N/A

* Maximum rate as a percentage of management fees.

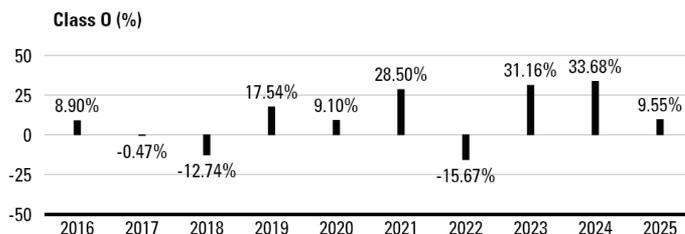
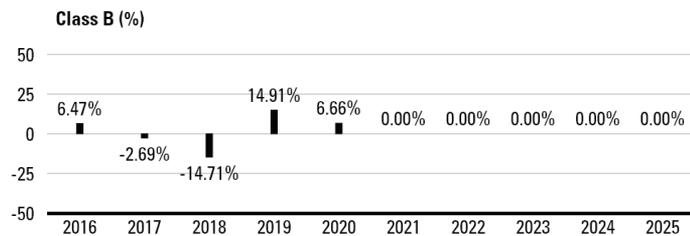
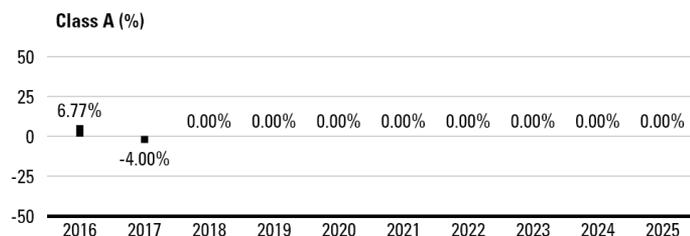
PAST PERFORMANCE

The following information takes into account all Class A, Class B and 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, no performance data is available for that year.



Annual Compound Returns (%)

The following table shows the annual compound total returns for each class of units of the Fund for the last one year, three years, five years, ten years and since inception. The annual returns are compared to the returns of a Blended Equity Benchmark (“Benchmark”). This benchmark return is generated using a 50% weighting in the S&P/TSX Composite Index and a 50% weighting in the S&P 500 Index.

	Since Inception	1 Year	3 Years	5 Years	10 Years
Class F	22.39	8.57	—	—	—
Benchmark	20.35	22.31	—	—	—
Class O	9.62	9.55	24.31	15.79	9.70
Benchmark	9.10	22.31	19.54	12.73	11.08

Class A units were started on April 30, 2015. As no Class A units of the Fund were issued and outstanding to the public from 2018 to December 31, 2025, no performance data is available for those periods.

Class B units of the Fund were first offered by prospectus on March 18, 2013 and were first issued on September 17, 2014. As no Class B units of the Fund were issued and outstanding to the public from 2022 to December 31, 2025, no performance data is available for those periods.

Class F units of the Fund were previously offered by prospectus, but were not issued until September 26, 2023.

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 December 31, 2025

	% of Net Asset Value
FOREIGN EQUITIES	
Communication Services	
Alphabet Inc., Class 'A'	8.20
Charter Communications Inc., Class 'A'	2.98
Meta Platforms Inc., Class 'A'	7.86
	<u>19.04</u>
Consumer Discretionary	
Amazon.com Inc.	8.43
Home Depot Inc. (The)	1.64
LVMH Moët Hennessy Louis Vuitton SE, ADR	1.62
Netflix Inc.	1.79
	<u>13.48</u>
Financials	
Bank of America Corp.	5.87
JPMorgan Chase & Co.	6.91
PNC Financial Services Group Inc.	5.59
	<u>18.37</u>
Health Care	
Stryker Corp.	4.47
Thermo Fisher Scientific Inc.	4.25
	<u>8.72</u>
Industrials	
Cintas Corp.	1.61
Rockwell Automation Inc.	0.93
	<u>2.54</u>
Information Technology	
Accenture PLC, Class 'A'	3.66
CloudFlare Inc., Class 'A'	6.11
Microsoft Corp.	4.91
Roper Technologies Inc.	1.59
Synopsys Inc.	6.09
	<u>22.36</u>
Utilities	
Brookfield Infrastructure Partners L.P.	0.82
	<u>0.82</u>
TOTAL FOREIGN EQUITIES	<u>85.33</u>
TOTAL EQUITIES	<u>85.33</u>
TOTAL COST AND FAIR VALUE OF INVESTMENTS*	85.33
TRANSACTION COST INCLUDED IN AVERAGE COST	—
TOTAL INVESTMENTS	<u>85.33</u>
TOTAL PURCHASED OPTION INVESTMENTS	0.02
TOTAL WRITTEN OPTION INVESTMENTS	-0.15
OTHER ASSETS AND LIABILITIES	14.80
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	<u>100.00</u>

*Cost includes transaction costs

Percentage shown relates to investments at fair value at Net Assets Attributable to Holders of Redeemable Units (Net Assets) as at December 31, 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.