DAVIS REA
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DAVIS-REA FIXED INCOME FUND

June 30, 2026

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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. Davis-Rea may also use derivatives from time to time to hedge against the changes in currency, losses from movements in the stock or bond markets or to realize additional gains.

Results of Operations

For the six-month period ended June 30, 2026, the Fund's net assets attributable to holders of redeemable units increased by $3.28 million, from $31.87 million at December 31, 2025, to $35.14 million at June 30, 2026. Investment income and net gains on investments totalled $0.77 million. After expenses of $0.10 million, the Fund recorded an increase in net assets from operations of $0.67 million. The net effect of distributions and redeemable unit transactions further increased net assets by $2.60 million. Class O units returned 1.99% during the period, compared with a return of 2.16% for the iShares Core Canadian Universe Bond Index ETF. Returns for the Fund's other classes were similar, after accounting for differences in fees and expenses. See the Financial Highlights and Past Performance sections for additional information.

During the first quarter, government bond yields rose and interest-rate volatility increased as geopolitical uncertainty and higher energy prices caused investors to reassess inflation and the expected path of central bank policy. The Fund's shorter-duration profile and emphasis on high-quality, liquid securities moderated the effect of rising yields. Class O units returned 0.31% during the quarter and outperformed the benchmark.

During the second quarter, energy prices retreated and Canadian government bond yields declined, while credit markets remained firm. These conditions supported the Fund's return; however, its shorter-duration profile limited participation in the broader Canadian bond-market rally. Class O units returned 1.67% during the quarter but trailed the benchmark. Over the full reporting period, the Fund's modest underperformance relative to the benchmark was primarily attributable to its shorter-duration positioning during the second quarter, partially offset by the benefit of that positioning as yields rose during the first quarter.

Portfolio activity during the period reflected the changing interest-rate environment. The Fund's duration was reduced from 3.83 years at December 31, 2025, to 3.74 years at March 31, 2026, before being selectively increased to 3.98 years at June 30, 2026. During the second quarter, the Fund reduced several shorter-dated Province of Ontario holdings and reinvested the proceeds in high-quality corporate bonds, including new issues from Alphabet, Amazon, Manulife, Waste Management and Keyera. Positions in Dollarama and New York Life were also increased. The Fund's portfolio yield rose from 3.76% at December 31, 2025, to 3.86% at March 31, 2026, before ending the reporting period at 3.82%. Average credit quality remained unchanged at A-.

Recent Developments

Since the date of the Fund's most recent annual MRFP, there have been no significant developments affecting the Fund. Portfolio adjustments made subsequent to June 30, 2026 were undertaken in the ordinary course and did not represent a change in the Fund's investment objectives, strategies or strategic position.

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 most recent IRC report is available at www.davisrea.com or on 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, 2026), and for the past five years ended December 31.

The Fund's Net Assets per Unit ($)

		Increase (Decrease) from Operations					Annual Distributions				
For the Period Ended	Net Assets Beginning of Period[1]	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	Net Assets End of Period
Class F Units											
June 30, 2026	**822,511**	**16,111**	**5,972**	**2,357**	**1,338**	**13,834**	**–**	**11,296**	**–**	**11,296**	**924,918**
Dec. 31, 2025	6,773	13,313	4,521	10,807	(2,720)	16,879	–	10,390	–	10,390	822,511
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, 2026	**31,042,576**	**612,076**	**94,993**	**89,036**	**53,129**	**659,248**	**–**	**558,657**	**–**	**558,657**	**34,217,948**
Dec. 31, 2025	30,227,538	1,194,186	181,245	637,610	(350,830)	1,299,721	–	1,012,458	–	1,012,458	31,042,576
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

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, 2026 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, 2026	**924,918**	**87,824**	**1.37**	**1.37**	**–**	**33.99**	**10.53**
Dec. 31, 2025	822,511	78,356	1.32	1.32	–	66.26	10.50
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, 2026	**34,217,948**	**3,495,281**	**0.57**	**0.57**	**–**	**33.99**	**9.79**
Dec. 31, 2025	31,042,576	3,180,904	0.59	0.59	–	66.26	9.76
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

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 a quarterly management fee by each unitholder who invests in Class O units of the Fund pursuant to a 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.

	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.

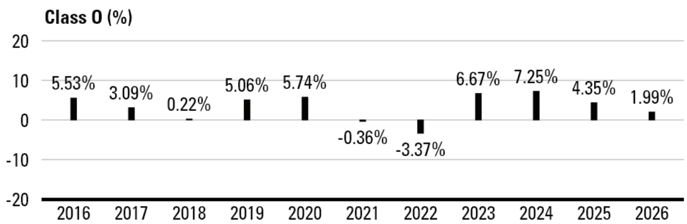
PAST PERFORMANCE

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 2026 is for the six months ended June 30, 2026.



Class A and Class B units of the Fund are offered by prospectus, but as at June 30, 2026 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, 2026

	% of Net Asset Value
CANADIAN BONDS	
Corporate Bonds	
407 International Inc., 4.45%, 2031/08/14	1.46
Alimentation Couche-Tard Inc., 4.60%, 2029/01/25	1.46
Alimentation Couche-Tard Inc., Series '9', 3.86%, 2032/09/26	2.82
Bell Canada, Series 'M-64', 3.65%, 2029/08/14	1.43
Brookfield Infrastructure Finance ULC, 3.41%, 2029/10/09	1.70
Canadian Pacific Railway Co., 2.54%, 2028/02/28	1.41
Canadian Pacific Railway Co., 4.00%, 2032/06/13	2.16
Chartwell Retirement Residences, Series 'E', 3.65%, 2028/05/06	1.43
Choice Properties REIT, 4.29%, 2030/01/16	1.45
Choice Properties REIT, Series 'W', 4.63%, 2035/08/08	2.16
Crombie REIT, Series 'N', 4.52%, 2033/07/06	1.43
Dollarama Inc., 3.85%, 2030/12/16	2.15
Dollarama Inc., 3.94%, 2031/07/25	2.15
Dollarama Inc., 4.58%, 2036/04/02	1.44
Dream Industrial REIT, Series 'C', 2.06%, 2027/06/17	1.41
Fortis Inc., 4.17%, 2031/09/09	2.18
Gildan Activewear Inc., 4.15%, 2030/11/22	0.72
Gildan Activewear Inc., 4.71%, 2031/11/22	1.47
Hydro One Inc., 3.94%, 2032/08/25	1.44
Hydro One Inc., 4.16%, 2033/01/27	1.46
Keyera Corp., Series '6', 4.20%, 2033/04/15	1.43
Keyera Corp., Series '9', 3.94%, 2031/07/15	1.43
Keyera Corp., Variable Rate, 5.95%, 2081/03/10	0.74
Loblaw Cos. Ltd., 2.28%, 2030/05/07	2.20
Loblaw Cos. Ltd., 3.56%, 2029/12/12	1.43
Loblaw Cos. Ltd., 4.49%, 2028/12/11	1.46
Manulife Bank of Canada, 3.95%, 2031/05/20	1.44
Metro Inc., 4.00%, 2029/11/27	1.44
Metro Inc., Series 'M', 3.47%, 2031/02/25	1.41
Morguard Corp., Series 'I', 5.00%, 2028/10/14	1.45
Pembina Pipeline Corp., 5.02%, 2032/01/12	1.50
Pembina Pipeline Corp., Series '15', 3.31%, 2030/02/01	1.41
Pembina Pipeline Corp., Variable Rate, Convertible, Callable, 4.80%, 2081/01/25	0.71
Royal Bank of Canada, 3.99%, 2031/07/22	1.88
Royal Bank of Canada, 4.28%, 2035/02/04	1.45
Saputo Inc., 3.88%, 2030/07/02	1.43
Sienna Senior Living Inc., 4.44%, 2029/10/17	1.45
SmartCentres REIT, 5.16%, 2030/08/01	1.48
SmartCentres REIT, Series 'AC', 3.60%, 2029/06/12	1.41
StorageVault Canada Inc., 5.50%, 2026/09/30	1.42
Tamarack Valley Energy Ltd., 6.88%, 2030/07/25	1.50
TMX Group Ltd., 4.68%, 2029/08/16	1.47
TMX Group Ltd., 4.84%, 2032/02/18	1.50
Toromont Industries Ltd., 3.76%, 2030/03/28	1.43
Toromont Industries Ltd., 3.84%, 2027/10/27	1.43
Tourmaline Oil Corp., Series '1', 2.08%, 2028/01/25	1.12
TransCanada PipeLines Ltd., 3.39%, 2028/03/15	1.43
Waste Management of Canada Corp., Series '2', 3.94%, 2033/07/15	1.43
	73.21
Provincial and Municipal Bonds	
Province of British Columbia, 1.55%, 2031/06/18	0.01
Province of Ontario, 2.15%, 2031/06/02	0.01
Province of Ontario, 3.65%, 2034/02/03	0.72
Province of Ontario, 3.80%, 2034/12/02	1.01
	4.41
TOTAL CANADIAN BONDS	77.62
FOREIGN BONDS	
Alphabet Inc., 3.65%, 2031/05/15	2.15
Alphabet Inc., 4.00%, 2033/05/15	1.44
Alphabet Inc., 4.35%, 2036/05/15	1.45
Amazon.com Inc., 3.40%, 2029/06/12	1.43
Amazon.com Inc., 3.70%, 2031/06/12	1.43
Amazon.com Inc., 4.00%, 2033/06/12	1.43
Apple Inc., 1.25%, 2030/08/20	1.79
Costco Wholesale Corp., 1.60%, 2030/04/20	1.83
McDonald's Corp., 4.11%, 2032/08/21	2.87
New York Life Global Funding, 4.00%, 2032/06/17	1.43
Sunoco L.P., 4.38%, 2029/03/26	1.42
Thermo Fisher Scientific Inc., 5.00%, 2029/01/31	2.05
TOTAL FOREIGN BONDS	20.72
TOTAL BONDS	98.34
TOTAL COST AND FAIR VALUE OF INVESTMENTS	98.34
TOTAL INVESTMENTS	98.34
OTHER ASSETS AND LIABILITIES	1.66
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	100.00

Percentage shown relates to investments at fair value and Net Assets Attributable to Holders of Redeemable Units (Net Assets) as at June 30, 2026.
The Fund's summary of investment portfolio set out above will change due to ongoing portfolio transactions. A quarterly update is available on request.

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Forward-Looking Statements

This Semi-Annual Management Report of Fund Performance, including the "Results of Operations" and "Recent Developments" sections, may contain forward-looking statements. Forward-looking statements are predictive in nature, depend on or refer to future events or conditions, and are often identified by words or expressions such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "target," "may," "will," "should," "would," "could" and similar expressions, including their negative forms. They may relate to, among other things, the future performance or prospects of the Fund or its portfolio investments, the Fund's investment strategies, or future economic and market conditions. Forward-looking statements reflect the Manager's expectations as of the date of this report and are based on assumptions the Manager considers reasonable in light of information then available. Unless otherwise indicated, material assumptions include those relating to the Fund's portfolio and investment strategies, economic, market and credit conditions, interest and foreign exchange rates, and future events described in this report. These statements are subject to risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those expressed or implied. Relevant factors may include general economic, political and market conditions in Canada and internationally; changes in interest and foreign exchange rates; volatility in equity, fixed-income, credit and other capital markets; developments affecting particular issuers, industries or sectors; changes in government policy, securities regulation or tax laws; judicial or regulatory proceedings; and catastrophic events. This list is not exhaustive, and assumptions may prove incorrect. Readers should not place undue reliance on forward-looking statements, and no assurance can be given that actual results, performance or events will be consistent with them. Forward-looking statements speak only as of the date of this report. Except as required by applicable securities laws, the Manager undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, changing circumstances or otherwise.

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